

Fund name reference table

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

Common name

Legal name

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

Asset allocation funds

Advanced Allocation
Aggressive Allocation
Balanced Allocation
Conservative Allocation
Diversified Fixed Income Allocation
Moderate Allocation

Advanced Allocation Fund S-629
Aggressive Allocation Fund S-630
Balanced Allocation Fund S-628
Conservative Allocation Fund S-626
Diversified Fixed Income Fund (PSG) SF824
Moderate Allocation Fund S-627

Income allocation funds

Income Focus
Income Growth
Income Growth Plus

Income Focus Fund SF631
Income Growth Fund SF632
Income Growth Plus Fund SF633

Managed fund solutions

Balanced Income
Core Balanced
Core Balanced Growth Plus
Core Conservative Growth
Core Moderate
Core Moderate Growth Plus
Fidelity Balanced
Fidelity Moderate Growth Plus
Fidelity Moderate Income
Franklin Templeton Balanced Income
Franklin Templeton Moderate Growth
Franklin Templeton Moderate Income
Index ETF Balanced Portfolio
Index ETF Conservative Portfolio
Index ETF Growth Portfolio
Mackenzie Balanced
Mackenzie Balanced Income
Mackenzie Moderate Growth
Mackenzie Moderate Income

Balanced Income Fund (CI) SF800
Core Balanced Fund SF801
Core Balanced Growth Plus Fund SF802
Core Conservative Growth Fund SF803
Core Moderate Fund SF804
Core Moderate Growth Plus Fund SF805
Balanced Fund (Fidelity) SF806
Moderate Growth Plus Fund (Fidelity) SF807
Moderate Income Fund (Fidelity) SF808
Balanced Income Fund (Franklin Templeton) SF809
Moderate Growth Fund (Franklin Templeton) SF810
Moderate Income Fund (Franklin Templeton) SF811
Index ETF Balanced Portfolio Fund 2.00PSG
Index ETF Conservative Portfolio Fund 1.99PSG
Index ETF Growth Portfolio Fund 2.01PSG
Balanced Fund (Mackenzie) SF812
Balanced Income Fund (Mackenzie) SF813
Moderate Growth Fund (Mackenzie) SF814
Moderate Income Fund (Mackenzie) SF815

Funds managed by The Canada Life Assurance Company

Long Term Bond
Real Return Bond

Long Term Bond Fund (PIM) SF818
Real Return Bond Fund (PIM) SF820

Funds managed by Canada Life Investment Management Ltd.

Canadian Dividend
Canadian Focused Growth II
Canadian Focused Growth
Floating Rate Income
Foreign Equity
Global Balanced
Global Growth Opportunities
Global Resources
International Equity II
Pathways Canadian Concentrated Equity
Pathways Canadian Equity
Pathways Core Plus Bond
Pathways Emerging Markets Equity
Pathways Emerging Markets Large Cap Equity
Pathways Global Core Plus Bond
Pathways Global Multi Sector Bond
Pathways Global Tactical
Pathways International Concentrated Equity
Pathways International Equity
Pathways U.S. Concentrated Equity
Pathways U.S. Equity
Strategic Income

Dividend Fund (Mackenzie) SF565
Harbour Canadian Fund (CI) SF175
Canadian Equity Growth Fund S-102MF
Floating Rate Income Fund (MF) SF526
Ivy Foreign Equity Fund (Mackenzie) SF564
Global Balanced Fund (Mackenzie) SF513
Global Future Fund S-183MF
Canadian Resource Fund S-348MF
International Equity Fund (CI) SF182
Pathways Canadian Concentrated Equity Fund (Galibier) SF544
Pathways Canadian Equity Fund (GWLIM) SF543
Pathways Core Plus Bond Fund (Mackenzie) SF540
Pathways Emerging Markets Equity Fund (Northcape) SF550
Pathways Emerging Markets Large Cap Equity Fund (Mackenzie) SF549
Pathways Global Core Plus Bond Fund (Mackenzie) SF541
Pathways Global Multi Sector Bond Fund (Brandywine) SF542
Pathways Global Tactical Fund (ILIM) SF551
Pathways International Concentrated Equity Fund (C WorldWide) SF548
Pathways International Equity Fund (Setanta) SF547
Pathways U.S. Concentrated Equity Fund (Aristotle) SF546
Pathways U.S. Equity Fund (Putnam) SF545
Maxxum Canadian Balanced Fund (Mackenzie) SF519

Common name

Sustainable Balanced Portfolio
Sustainable Conservative Portfolio
Sustainable Growth Portfolio
U.S. All Cap Growth

Funds managed by GWL Realty Advisors Inc.

Real Estate

Funds managed by AGF Investments Inc.

American Growth
Canadian Small Cap Growth

Funds managed by Beutel, Goodman & Company Ltd.

American Value
Canadian Focused Value
Canadian Value Balanced
Global Founders
Global Value Balanced

Funds managed by Canada Life Asset Management Limited

Far East Equity
International Bond

Funds managed by Capital Group

Global Equity

Funds managed by Cranston, Gaskin, O'Reilly & Vernon

Canadian Focused Value Stock

Funds managed by Fidelity Investments Canada ULC

Fidelity American Disciplined Equity®
Fidelity Global Balanced Portfolio
Fidelity Global Equity
Fidelity Global Income Portfolio
Fidelity NorthStar®
Fidelity NorthStar® Balanced
Fidelity True North®

Funds managed by Franklin Templeton Investments Corp.

Canadian Small Cap
Canadian Stock
EAFE Stock

Funds managed by Invesco Canada Ltd.

All World Equity
Canadian Focused Premier Growth
Canadian Premier Balanced

Funds managed by Irish Life Investment Managers Limited (ILIM)

Global Low Volatility
Risk-Managed Balanced Portfolio
Risk-Managed Conservative Income Portfolio
Risk-Managed Growth Portfolio

Funds managed by J.P. Morgan Asset Management

International Equity
International Growth

Funds managed by Mackenzie Investments

Canadian Growth Balanced II
Canadian All Cap Equity
Strategic Income II
Canadian Core Bond
Canadian Core Dividend
Canadian Core Plus Bond
Canadian Corporate Bond
Canadian Equity
Canadian Equity Value
Canadian Equity Value II
Canadian Focused Dividend
Canadian Growth Balanced

Legal name

Balanced Fund (Bissett) SF104
Canadian Growth & Income Fund (AGF) SF249
Harbour Growth & Income Fund (CI) SF190
U.S. Growth Leaders Fund S-286MF

Real Estate Fund (GWLRA) SF353

American Growth Fund (AGF) SF247
Canadian Equity Fund (AGF) SF101

American Equity Fund (BG) SF562
Canadian Equity Fund (BG) SF553
Balanced Fund (BG) SF552
Global Founders Fund 1.00BG
Global Value Balanced Fund 1.01BG

International Bond Fund (Laketon) SF036
Far East Equity Fund S-038MF

Global Equity Fund 1.08CG

Canadian Equity Fund (Trimark) SF052

American Disciplined Equity Fund (Fidelity) SF356
Global Balanced Portfolio Fund 1.04FID
International Portfolio Fund (Fidelity) SF184
Global Income Portfolio Fund 1.03FID
Northstar Fund (Fidelity) SF355
Canadian Asset Allocation Fund (Fidelity) SF191
True North Fund (Fidelity) SF176

Small Cap Equity Fund (Bissett) SF105
Canadian Equity Fund (Bissett) SF103
International Equity Fund (Templeton) SF118

Global Equity Fund (Trimark) SF051
Canadian Growth Fund (AIM) SF289
Balanced Fund (Trimark) SF054

Global Low Vol Fund (ILIM) SF561
Risk-Managed Balanced Portfolio Fund 1.22IL
Risk-Managed Conservative Income Portfolio Fund 1.21IL
Risk-Managed Growth Portfolio Fund 1.23IL

International Equity Fund (JPM) SF555
International Opportunity Fund (JPM) SF556

Saxon Balanced Fund (Mackenzie) SF520
Canadian Equity Fund (Howson Tattersall) SF177
Managed Fund (Laketon) SF035
Core Bond Fund (PIM) SF531
Enhanced Dividend Fund (Laketon) SF039
Fixed Income Fund (Laketon) SF019
Corporate Bond Fund (PIM) SF817
Canadian Equity Fund (Laketon) SF009
Canadian Equity Fund S-285LL
Canadian Equity Value Fund S-347C
Dividend Fund S-189LL
Equity/Bond Fund (GLC) SF825

Common name

Canadian Fixed Income Balanced
Canadian Low Volatility
Canadian Small-Mid Cap
Canadian Stock Balanced
Canadian Tactical Bond
Strategic Income III
Emerging Markets Equity
Global Growth Opportunities Balanced
Global Infrastructure
Global Strategic Income
Global Value Stock
Government Bond
Canadian Fixed Income Balanced II
Money Market
Strategic Income IV
North American High Yield Fixed Income
Science and Technology
Short-Term Bond
U.S. Dividend
U.S. Growth
U.S. Mid Cap Growth
U.S. Value Stock
Unconstrained Fixed Income

Funds managed by Putnam Investments Canada ULC

EAFE Equity
U.S. Low Volatility

Funds managed by Setanta Asset Management Limited

European Equity
Global All Cap Equity
Global Dividend

Funds managed by TD Asset Management Inc.

Canadian Neutral Balanced
Indexed Canadian Bond

Funds managed by T Rowe Price (Canada), Inc.

Global Growth Balanced
Global Growth Equity
Global Multi-Sector Fixed Income

Legal name

Income Opportunity Fund (LLIM) SF354
Canadian Low Vol Equity Fund (LC) SF554
Mid Cap Canada Fund S-346G
Ivy Canadian Balanced Fund (Mackenzie) SF563
Tactical Bond Fund (PIM) SF558
Diversified Fund (GLC) SF823
Emerging Markets Fund (Mackenzie) SF532
Global Growth Balanced Fund 1.02MAC
Global Infrastructure Equity Fund (London Capital) SF515
Global Monthly Income Fund (L) SF822
Global Value Fund (Mackenzie) SF514
Government Bond Fund S-167G
Sentinel Income Fund (Mackenzie) SF521
Money Market Fund (Laketon) SF029
Monthly Income Fund (L) SF821
North American High Yield Bond Fund (MF) SF819
Science & Technology Fund (LC) SF557
Short Term Bond Fund (PIM) SF816
U.S. Dividend Fund (GWLIM) SF522
U.S. Equity Fund (LC) SF559
U.S. Mid Cap Equity Fund (LC) SF560
U.S. Value Fund S-178LL
Global Unconstrained Fund (Mackenzie) SF530

International Equity Fund (P) SF529
U.S. Low Volatility Fund (P) SF527

European Equity Fund S-037ST
Global Equity Fund SF034
Global Dividend Fund (SAM) SF528

Balanced Fund (Greystone) SF208
Indexed Canadian Bond Fund (TDQC) SF079

Global Growth Balanced Fund 1.05TRP
Global Growth Equity Fund 1.07TRP
Global Multi-Sector Bond Fund 1.06TRP

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
CANADIAN EQUITY FUND (LAKETON) SF009

December 31, 2022

Independent Auditor's Report

To the Contractholders of Canadian Equity Fund (Laketon) SF009 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Canadian Equity Fund (Laketon) SF009

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 6,655	\$ 2,441
Investment income due and accrued	432	396
Due from The Canada Life Assurance Company (note 7)	68	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	—	—
Stocks	189,635	203,245
Investment fund units	—	—
Total investments	189,635	203,245
Total assets	\$ 196,790	\$ 206,082
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	—	44
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	44
Net assets attributable to contractholders	\$ 196,790	\$ 206,038

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (9,770)	\$ 38,340
Miscellaneous income (loss)	25	23
Total income (loss)	(9,745)	38,363
Expenses		
Management fees (note 7)	2,318	2,366
Transaction costs	67	78
Withholding taxes	9	5
Other	220	222
Total expenses	2,614	2,671
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (12,359)	\$ 35,692

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 206,038	\$ 149,778
Contractholder deposits	18,734	40,862
Contractholder withdrawals	(15,623)	(20,294)
Increase (decrease) in net assets from operations attributable to contractholders	(12,359)	35,692
Change in net assets attributable to contractholders	(9,248)	56,260
Net assets attributable to contractholders - end of year	\$ 196,790	\$ 206,038

Canadian Equity Fund (Laketon) SF009

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	2021
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (12,359)	\$ 35,692
Adjustments		
Realized (gains) losses	(8,884)	(9,767)
Unrealized (gains) losses	24,057	(24,151)
Gross proceeds of disposition of investments	53,395	50,487
Gross payments for the purchase of investments	(54,958)	(72,588)
Change in investment income due and accrued	(36)	(229)
Change in due from/to The Canada Life Assurance Company	(112)	52
Change in due from/to brokers	—	—
Change in due from/to outside parties	—	—
	<u>1,103</u>	<u>(20,504)</u>
Financing Activities		
Contractholder deposits	18,734	40,862
Contractholder withdrawals	(15,623)	(20,294)
	<u>3,111</u>	<u>20,568</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	4,214	64
Cash, short-term deposits and overdrafts, beginning of year	2,441	2,377
Cash, short-term deposits and overdrafts, end of year	\$ 6,655	\$ 2,441
Supplementary cash flow information		
Dividend income received	\$ 5,289	\$ 4,188

Canadian Equity Fund (Laketon) SF009

Schedule of Investment Portfolio

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

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Common Stock			
Communication Services			
Rogers Communications Inc. Class B non-voting	107,776	7,285	6,830
TELUS Corp.	274,535	7,523	7,174
Consumer Discretionary			
Aritzia Inc.	88,865	3,530	4,208
Dollarama Inc.	98,715	4,490	7,817
Energy			
Canadian Natural Resources Ltd.	112,783	4,443	8,480
Cenovus Energy Inc.	157,769	2,337	4,145
Hydro One Ltd.	171,865	5,550	6,234
Suncor Energy Inc.	118,478	3,841	5,089
TC Energy Corp.	150,667	9,583	8,133
Tourmaline Oil Corp.	38,478	2,862	2,629
Financials			
Bank of Montreal	69,568	9,106	8,533
Brookfield Asset Management Inc. Class A	35,081	923	1,360
Brookfield Corp.	140,327	4,191	5,975
Intact Financial Corp.	28,527	5,565	5,560
Manulife Financial Corp.	197,885	4,144	4,779
Royal Bank of Canada	124,755	9,880	15,880
Sun Life Financial Inc.	90,746	4,688	5,703
The Bank of Nova Scotia	53,475	3,635	3,548
The Toronto-Dominion Bank	138,640	7,307	12,154
Industrials			
Canadian National Railway Co.	33,818	4,159	5,439
Canadian Pacific Railway Ltd.	116,434	9,149	11,754
GFL Environmental Inc.	77,826	3,515	3,077
Waste Connections Inc.	43,793	4,165	7,860
Information Technology			
Constellation Software Inc.	3,146	3,681	6,651
Open Text Corp.	80,536	3,915	3,231
Shopify Inc.	48,855	6,333	2,297

Canadian Equity Fund (Laketon) SF009

Schedule of Investment Portfolio

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

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Common Stock (continued)			
Materials			
Agnico Eagle Mines Ltd.	40,966	3,262	2,882
Barrick Gold Corp.	76,809	2,345	1,783
Franco-Nevada Corp.	19,183	2,806	3,541
Nutrien Ltd.	35,435	3,302	3,503
Teck Resources Ltd. Class B	64,260	3,078	3,288
Total Canadian Common Stock		150,593	179,537
United States Common Stock			
Consumer Discretionary			
Hilton Worldwide Holdings Inc.	12,887	1,680	2,204
Consumer Staples			
The Estee Lauder Companies Inc. Class A	8,569	3,091	2,878
Information Technology			
Mastercard Inc. Class A	10,655	4,721	5,016
Total United States Common Stock		9,492	10,098
Total Stocks		160,085	189,635
Transaction Costs (note 2)		(96)	
Total Investments		159,989	189,635

Canadian Equity Fund (Laketon) SF009

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Canadian Equity Fund (Laketon) SF009 (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

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

B. Liquidity Risk

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

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

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

C. Currency Risk

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

Canadian Equity Fund (Laketon) SF009

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2022 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2022

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders	
United States Dollar	\$ 10,098	\$ 27	\$ 10,125	\$ 101	
Total	\$ 10,098	\$ 27	\$ 10,125	\$ 101	
As Percent of Net Assets Attributable to Contractholders				5.1%	0.1%

*Includes both monetary and non-monetary instruments

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders	
United States Dollar	\$ 16,593	\$ 28	\$ 16,621	\$ 166	
Total	\$ 16,593	\$ 28	\$ 16,621	\$ 166	
As Percent of Net Assets Attributable to Contractholders				8.1%	0.1%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

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

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2022, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$1,896 (\$2,032 at December 31, 2021) or approximately 1.0% (1.0% at December 31, 2021) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

Canadian Equity Fund (Laketon) SF009

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

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

<u>Assets measured at fair value</u>	2022			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 189,635	\$ —	\$ —	\$ 189,635
Total assets measured at fair value	\$ 189,635	\$ —	\$ —	\$ 189,635

<u>Assets measured at fair value</u>	2021			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 203,245	\$ —	\$ —	\$ 203,245
Total assets measured at fair value	\$ 203,245	\$ —	\$ —	\$ 203,245

There were no significant transfers between Level 1 and Level 2 during 2022 or 2021.

Canadian Equity Fund (Laketon) SF009

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

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

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Flex	93,672	102,825	116,494	132,012	149,451	43,301	51,452	48,472	53,519	51,039
Generations/Mosaic	650,606	715,343	826,201	970,585	1,127,229	17,876	21,275	20,432	23,387	22,881
Generations I	97,964	110,298	113,392	148,447	173,669	1,869	2,277	1,947	2,483	2,447
Generations II	76,057	81,013	98,629	106,540	125,130	1,113	1,288	1,308	1,381	1,371
Generations Core	45,467	51,578	65,078	71,992	79,847	716	877	918	987	920
75/75 guarantee policy	193,671	131,005	121,064	65,222	42,346	3,589	2,622	2,010	1,053	575
75/100 guarantee policy	469,813	370,645	305,278	257,869	205,834	8,512	7,269	4,978	4,097	2,755
100/100 guarantee policy	25,478	29,060	37,951	49,433	39,960	442	548	597	760	519
PS1 75/75 guarantee policy	105,531	91,095	91,397	47,267	25,207	2,079	1,929	1,599	800	357
PS1 75/100 guarantee policy	297,218	197,544	107,776	68,897	60,185	5,730	4,104	1,853	1,149	842
PS1 100/100 guarantee policy	47,514	36,859	35,295	34,477	25,295	883	741	589	560	346
PS2 75/75 guarantee policy	48,406	44,475	40,103	46,143	45,909	1,206	1,166	849	925	754
PS2 75/100 guarantee policy	21,593	29,543	17,147	6,205	14,592	537	773	363	124	239
PS2 100/100 guarantee policy	745	761	778	797	815	19	20	16	16	13
PS 75/75 guarantee policy	8,303	1,670	1,496	1,369	—	105	23	17	15	—
PS 75/100 guarantee policy	14,775	11,524	9,529	4,207	1,465	185	154	105	45	13
PPS 75/75 guarantee policy	6,449	—	—	—	—	83	—	—	—	—
PPS 75/100 guarantee policy	24,820	481	17,211	19,312	—	316	7	191	206	—
PPS 100/100 guarantee policy	5,230	—	—	—	—	66	—	—	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
Flex	463.12	501.31	416.85	406.16	342.14	(38.19)	84.46
Generations/Mosaic	27.48	29.74	24.73	24.10	20.30	(2.26)	5.01
Generations I	19.07	20.65	17.17	16.73	14.09	(1.58)	3.48
Generations II	14.64	15.90	13.26	12.96	10.96	(1.26)	2.64
Generations Core	15.74	17.00	14.10	13.71	11.53	(1.26)	2.90
75/75 guarantee policy	18.53	20.01	16.61	16.15	13.57	(1.48)	3.40
75/100 guarantee policy	18.12	19.61	16.31	15.89	13.38	(1.49)	3.30
100/100 guarantee policy	17.37	18.86	15.73	15.38	13.00	(1.49)	3.13
PS1 75/75 guarantee policy	19.70	21.18	17.49	16.93	14.17	(1.48)	3.69
PS1 75/100 guarantee policy	19.28	20.77	17.20	16.68	13.99	(1.49)	3.57
PS1 100/100 guarantee policy	18.59	20.09	16.69	16.24	13.66	(1.50)	3.40
PS2 75/75 guarantee policy	24.91	26.21	21.18	20.05	16.42	(1.30)	5.03
PS2 75/100 guarantee policy	24.88	26.17	21.15	20.03	16.39	(1.29)	5.02
PS2 100/100 guarantee policy	24.85	26.15	21.13	20.01	16.38	(1.30)	5.02
PS 75/75 guarantee policy	12.61	13.47	11.06	10.64	—	(0.86)	2.41
PS 75/100 guarantee policy	12.49	13.38	11.00	10.60	8.83	(0.89)	2.38
PPS 75/75 guarantee policy	12.88	—	—	—	—	(0.81)	—
PPS 75/100 guarantee policy	12.75	13.59	11.12	10.67	—	(0.84)	2.47
PPS 100/100 guarantee policy	12.56	—	—	—	—	(0.87)	—

Canadian Equity Fund (Laketon) SF009

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

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

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

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

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

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

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

Canadian Equity Fund (Laketon) SF009

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

Canadian Equity Fund (Laketon) SF009

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

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

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

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

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

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

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

Canadian Equity Fund (Laketon) SF009

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

c) Stocks

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

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

d) Cash, Short-term Deposits and Overdrafts

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

Canadian Equity Fund (Laketon) SF009

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Classification of Units Issued by the Fund

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

f) Recognition of Investments and Income

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

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

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

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

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

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

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

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

Foreign currency

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

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

Miscellaneous income (loss)

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

Canadian Equity Fund (Laketon) SF009

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Offsetting of Financial Instruments

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

h) Amounts Due to/from Broker

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

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

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

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

i) Amounts Due to/from Outside Parties

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

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

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

j) Other Expenses

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

k) Income Allocation

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

l) Issue and Redemption of Units

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

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

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

Canadian Equity Fund (Laketon) SF009

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Transaction Costs

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

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

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

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

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

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

Canadian Equity Fund (Laketon) SF009

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

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

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

4. CAPITAL MANAGEMENT

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

5. INCOME TAXES

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

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

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

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

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

Canadian Equity Fund (Laketon) SF009

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

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

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

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

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

Canadian Equity Fund (Laketon) SF009

Supplemental Information *(unaudited)*

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

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
Flex	2.86	2.86	2.86	2.87	2.88
Generations/Mosaic	2.86	2.86	2.86	2.87	2.88
Generations I	2.86	2.86	2.86	2.87	2.88
Generations II	3.19	3.19	3.19	3.20	3.21
Generations Core	2.64	2.64	2.64	2.64	2.71
75/75 guarantee policy	2.63	2.64	2.63	2.64	2.69
75/100 guarantee policy	2.85	2.85	2.86	2.86	2.88
100/100 guarantee policy	3.19	3.19	3.19	3.19	3.21
PS1 75/75 guarantee policy	2.18	2.19	2.18	2.17	2.21
PS1 75/100 guarantee policy	2.40	2.39	2.40	2.41	2.42
PS1 100/100 guarantee policy	2.73	2.73	2.73	2.74	2.74
PS 75/75 guarantee policy	1.53	1.55	1.55	1.55	—
PS 75/100 guarantee policy	1.76	1.76	1.76	1.77	1.77
PPS 75/75 guarantee policy	1.10	—	—	—	—
PPS 75/100 guarantee policy	1.31	1.31	1.31	1.30	—
PPS 100/100 guarantee policy	1.64	—	—	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	27.27	28.22	53.95	23.12	23.65

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

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

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
FIXED INCOME FUND (LAKETON) SF019

December 31, 2022

Independent Auditor's Report

To the Contractholders of Fixed Income Fund (Laketon) SF019 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Fixed Income Fund (Laketon) SF019

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 6,483	\$ 17,006
Investment income due and accrued	1,729	1,382
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	240,890	259,754
Stocks	11,971	24,302
Investment fund units	—	—
Derivatives (note 7)	167	92
Total investments	253,028	284,148
Total assets	\$ 261,240	\$ 302,536
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	75	31
Due to brokers	—	—
Due to outside parties	—	—
Derivatives (note 7)	894	133
Total liabilities excluding net assets attributable to contractholders	969	164
Net assets attributable to contractholders	\$ 260,271	\$ 302,372

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (34,464)	\$ (9,766)
Miscellaneous income (loss)	333	77
Total income (loss)	(34,131)	(9,689)
Expenses		
Management fees (note 8)	981	1,309
Transaction costs	9	10
Withholding taxes	1	1
Other	162	146
Total expenses	1,153	1,466
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (35,284)	\$ (11,155)

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 302,372	\$ 373,343
Contractholder deposits	30,267	72,406
Contractholder withdrawals	(37,084)	(132,222)
Increase (decrease) in net assets from operations attributable to contractholders	(35,284)	(11,155)
Change in net assets attributable to contractholders	(42,101)	(70,971)
Net assets attributable to contractholders - end of year	\$ 260,271	\$ 302,372

Fixed Income Fund (Laketon) SF019

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (35,284)	\$ (11,155)
Adjustments		
Add back amortization of premium (discount)	(107)	(206)
Realized (gains) losses	17,118	1,897
Unrealized (gains) losses	25,880	15,621
Gross proceeds of disposition of investments	265,683	335,312
Gross payments for the purchase of investments	(276,693)	(267,649)
Change in investment income due and accrued	(347)	424
Change in due from/to The Canada Life Assurance Company	44	30
Change in due from/to brokers	—	(446)
Change in due from/to outside parties	—	—
	<u>(3,706)</u>	<u>73,828</u>
Financing Activities		
Contractholder deposits	30,267	72,406
Contractholder withdrawals	(37,084)	(132,222)
	<u>(6,817)</u>	<u>(59,816)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(10,523)	14,012
Cash, short-term deposits and overdrafts, beginning of year	17,006	2,994
Cash, short-term deposits and overdrafts, end of year	\$ 6,483	\$ 17,006
Supplementary cash flow information		
Interest income received	\$ 7,085	\$ 7,348
Dividend income received	889	591

Fixed Income Fund (Laketon) SF019

Schedule of Investment Portfolio

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

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds			
Federal Government			
Government of Canada 0.25% 03-01-2026	49,000	44	44
Government of Canada 0.25% 12-01-2054 Real Return	621,000	445	521
Government of Canada 0.50% 12-01-2050 Real Return	3,091,000	3,561	3,056
Government of Canada 1.50% 06-01-2031	34,000	29	29
Government of Canada 1.50% 12-01-2031	23,500,000	20,593	20,235
Government of Canada 2.00% 06-01-2032	9,419,000	8,644	8,437
Total Federal Government		33,316	32,322
Provincial Government			
Hydro-Quebec 4.00% 02-15-2055	903,000	1,273	864
Ontario Power Generation Inc. 1.17% 04-22-2026	217,000	193	194
Ontario Power Generation Inc. 2.977% 09-13-2029	485,000	441	439
Ontario Power Generation Inc. 3.215% 04-08-2030	1,696,000	1,808	1,538
Ontario Power Generation Inc. 4.922% 07-19-2032	106,000	106	106
Province of Alberta 2.95% 06-01-2052	3,270,000	2,930	2,560
Province of Alberta 3.05% 12-01-2048	805,000	836	647
Province of Alberta 3.10% 06-01-2050	6,514,000	6,608	5,280
Province of British Columbia 1.55% 06-18-2031	2,508,000	2,377	2,072
Province of British Columbia 2.95% 06-18-2050	1,426,000	1,504	1,127
Province of Manitoba 2.05% 09-05-2052	1,620,000	1,017	999
Province of Manitoba 2.85% 09-05-2046	2,357,000	2,372	1,810
Province of Manitoba 3.20% 03-05-2050	60,000	64	49
Province of Manitoba 3.80% 09-05-2053	680,000	635	617
Province of Nova Scotia 3.15% 12-01-2051	1,133,000	1,336	912
Province of Ontario 3.45% 06-02-2045	460,000	525	402
Province of Ontario 3.75% 06-02-2032	5,791,000	5,700	5,661
Province of Ontario 3.75% 12-02-2053	12,883,000	12,050	11,824
Province of Quebec 2.85% 12-01-2053	845,000	676	646
Province of Quebec 3.25% 09-01-2032	2,423,000	2,280	2,274
Province of Quebec 3.50% 12-01-2048	1,100,000	1,272	963
Province of Quebec 3.65% 05-20-2032	450,000	450	438
Province of Quebec 4.25% 12-01-2043	3,987,000	4,844	3,943
Province of Saskatchewan 2.80% 12-02-2052	1,208,000	1,223	909
Province of Saskatchewan 3.10% 06-02-2050	1,980,000	2,057	1,599
Total Provincial Government		54,577	47,873

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

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Municipal Government			
City of Montreal 3.15% 09-01-2028	2,048,000	2,097	1,957
City of Ottawa 3.05% 05-10-2039	411,000	409	340
City of Ottawa 3.25% 11-10-2047	158,000	173	126
City of Toronto 5.20% 06-01-2040	2,149,000	2,335	2,289
Total Municipal Government		5,014	4,712
Corporate - Non-convertible			
407 International Inc. 1.80% 05-22-2025	160,000	160	150
407 International Inc. 3.14% 03-06-2030	613,000	567	564
407 International Inc. 3.30% 03-27-2045	206,000	206	161
407 International Inc. 3.43% 06-01-2033	419,000	379	375
407 International Inc. 3.60% 05-21-2047	269,000	221	219
407 International Inc. 3.67% 03-08-2049	346,000	306	284
407 International Inc. 4.22% 02-14-2028	252,000	252	246
Aeroports de Montreal 3.36% 04-24-2047	171,000	138	134
Aeroports de Montreal 6.55% 10-11-2033	159,000	188	180
AIMCo Realty Investors LP 2.195% 11-04-2026	200,000	200	182
AIMCo Realty Investors LP 2.712% 06-01-2029	837,000	850	739
Algonquin Power & Utilities Corp. 4.09% 02-17-2027	18,000	20	17
Algonquin Power & Utilities Corp. 5.25% 01-18-2082	250,000	250	195
Algonquin Power Co. 2.85% 07-15-2031	225,000	225	183
AltaGas Ltd. 2.166% 03-16-2027	388,000	388	344
AltaGas Ltd. 5.25% 01-11-2082	160,000	160	131
AltaGas Ltd. 7.35% 08-17-2082	38,000	38	37
AltaLink LP 1.509% 09-11-2030	150,000	122	121
AltaLink LP 3.668% 11-06-2023	874,000	958	863
AltaLink LP 4.692% 11-28-2032	106,000	106	106
ARC Resources Ltd. 2.354% 03-10-2026	339,000	339	310
ARC Resources Ltd. 3.465% 03-10-2031	342,000	342	296
Athabasca Indigenous Midstream LP 6.069% 02-05-2042	43,000	43	44
Athene Global Funding 3.127% 03-10-2025	189,000	189	179
Bank of Montreal 1.551% 05-28-2026	535,000	514	479
Bank of Montreal 1.758% 03-10-2026	495,000	495	449
Bank of Montreal 2.077% 06-17-2030	348,000	342	320
Bank of Montreal 2.70% 09-11-2024	717,000	691	691
Bank of Montreal 3.19% 03-01-2028	628,000	606	587

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	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Bank of Montreal 3.65% 04-01-2027	179,000	179	170
Bank of Montreal 4.30% 11-26-2025	240,000	240	220
Bank of Montreal 4.309% 06-01-2027	784,000	778	764
Bank of Montreal 4.709% 12-07-2027	600,000	600	592
Bank of Montreal 6.534% 10-27-2032	963,000	985	1,001
Bank of Montreal 7.325% 11-26-2082	753,000	753	753
BCI QuadReal Realty 1.056% 03-12-2024	180,000	180	172
BCI QuadReal Realty 1.073% 02-04-2026	199,000	199	177
BCI QuadReal Realty 1.747% 07-24-2030	49,000	40	39
BCI QuadReal Realty 2.551% 06-24-2026	52,000	49	48
BCIMC Realty Corp. 2.84% 06-03-2025	650,000	679	620
Bell Canada Inc. 2.20% 05-29-2028	395,000	371	346
Bell Canada Inc. 3.00% 03-17-2031	173,000	155	149
Bell Canada Inc. 4.45% 02-27-2047	327,000	287	279
Bell Canada Inc. 5.85% 11-10-2032	129,000	136	135
BMW Canada Inc. 0.99% 01-14-2025	118,000	118	109
Brookfield Infrastructure Finance ULC 3.41% 10-09-2029	594,000	591	531
Brookfield Infrastructure Finance ULC 4.193% 09-11-2028	705,000	799	670
Brookfield Infrastructure Finance ULC 5.616% 11-14-2027	319,000	319	324
Brookfield Infrastructure Partners 3.315% 02-22-2024	225,000	228	220
Brookfield Property Finance ULC 3.93% 01-15-2027	840,000	840	760
Brookfield Property Finance ULC 4.30% 03-01-2024	1,789,000	1,812	1,743
Brookfield Property Finance ULC 4.346% 07-03-2023	400,000	417	396
Brookfield Renewable Energy Partners LP 3.63% 01-15-2027	443,000	450	420
Brookfield Residential Properties Inc./Brookfield Residential US Corp. 5.125% 06-15-2029	74,000	74	63
Bruce Power LP 2.68% 12-21-2028	146,000	146	130
Bruce Power LP 4.00% 06-21-2030	127,000	142	119
Calgary Airport Authority 3.454% 10-07-2041	292,000	246	239
Calgary Airport Authority 3.554% 10-07-2051	100,000	87	80
Calgary Airport Authority 3.554% 10-07-2053	90,000	73	71
Canadian Core Real Estate 3.299% 03-02-2027	210,000	210	193
Canadian Imperial Bank of Commerce 1.10% 01-19-2026	1,240,000	1,238	1,104
Canadian Imperial Bank of Commerce 1.96% 04-21-2031	709,000	709	629
Canadian Imperial Bank of Commerce 2.00% 04-17-2025	308,000	308	288
Canadian Imperial Bank of Commerce 2.75% 03-07-2025	1,133,000	1,092	1,080
Canadian Imperial Bank of Commerce 4.00% 01-28-2082	231,000	231	182

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	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Canadian Imperial Bank of Commerce 4.20% 04-07-2032	178,000	176	168
Canadian Imperial Bank of Commerce 4.375% 10-28-2025	261,000	247	240
Canadian Imperial Bank of Commerce 4.95% 06-29-2027	684,000	687	683
Canadian Imperial Bank of Commerce 5.05% 10-07-2027	486,000	485	486
Canadian Imperial Bank of Commerce 7.15% 07-28-2082	180,000	180	177
Canadian National Railway Co. 3.00% 02-08-2029	150,000	149	138
Canadian Natural Resources Ltd. 2.50% 01-17-2028	396,000	396	358
Canadian Natural Resources Ltd. 3.42% 12-01-2026	488,000	488	466
Canadian Pacific Railway Ltd. 2.54% 02-28-2028	524,000	524	471
Canadian Utilities Ltd. 4.851% 06-03-2052	231,000	229	223
Canadian Western Bank 1.57% 09-14-2023	78,000	78	76
Canadian Western Bank 1.926% 04-16-2026	1,024,000	1,031	920
Canadian Western Bank 2.597% 09-06-2024	350,000	331	334
Canadian Western Bank 2.606% 01-30-2025	130,000	133	123
Canadian Western Bank 3.859% 04-21-2025	320,000	320	310
Canadian Western Bank 5.00% 07-31-2081	80,000	80	64
Canadian Western Bank 5.146% 09-02-2027	573,000	571	570
Canadian Western Bank 5.937% 12-22-2032	93,000	93	92
Canadian Western Bank 6.00% 04-30-2081	128,000	128	113
Capital Power Corp. 3.147% 10-01-2032	466,000	384	379
Capital Power Corp. 4.284% 09-18-2024	270,000	298	264
Capital Power Corp. 4.424% 02-08-2030	183,000	174	173
Capital Power Corp. 7.95% 09-09-2082	98,000	98	97
Cascades Inc./Cascades USA Inc. 5.125% 01-15-2025	197,000	197	190
CDP Financial Inc. 1.50% 10-19-2026	533,000	532	487
Cenovus Energy Inc. 3.50% 02-07-2028	1,231,000	1,227	1,164
Central 1 Credit Union 2.584% 12-06-2023	619,000	619	603
CGI Inc. 2.10% 09-18-2028	138,000	138	119
Choice Properties REIT 2.456% 11-30-2026	115,000	115	104
Choice Properties REIT 2.848% 05-21-2027	504,000	516	458
Choice Properties REIT 2.981% 03-04-2030	192,000	163	164
Choice Properties REIT 3.532% 06-11-2029	780,000	700	702
Choice Properties REIT 6.003% 06-24-2032	158,000	158	163
Coast Capital Savings Federal Credit Union 5.00% 05-03-2028	336,000	352	335
Cogeco Communications Inc. 2.991% 09-22-2031	165,000	165	136
Cologix Data Centers Issuer LLC 4.94% 01-25-2052	31,000	31	28
Cologix Data Centers Issuer LLC 5.68% 01-25-2052	25,000	25	23

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

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Corus Entertainment Inc. 5.00% 05-11-2028	75,000	75	58
CPPIB Capital Inc. 1.95% 09-30-2029	350,000	310	308
CPPIB Capital Inc. 2.25% 12-01-2031	1,042,000	937	899
Crombie REIT 3.133% 08-12-2031	66,000	66	53
Crombie REIT 3.677% 08-26-2026	126,000	126	118
CT REIT 2.371% 01-06-2031	341,000	343	269
CU Inc. 2.963% 09-07-2049	250,000	193	178
CU Inc. 3.548% 11-22-2047	6,000	5	5
CU Inc. 3.95% 11-23-2048	5,000	5	4
CU Inc. 4.085% 09-02-2044	454,000	453	400
CU Inc. 4.773% 09-14-2052	216,000	216	211
Curaleaf Holdings Inc. 8.00% 12-15-2026	220,000	282	246
Dollarama Inc. 5.084% 10-27-2025	300,000	299	301
Dream Industrial REIT 1.662% 12-22-2025	128,000	128	114
Dream Industrial REIT 2.057% 06-17-2027	464,000	464	402
Dream Industrial REIT 2.539% 12-07-2026	152,000	152	136
Dream Industrial REIT 3.968% 04-13-2026	73,000	73	69
Enbridge Gas Inc. 2.37% 08-09-2029	61,000	52	54
Enbridge Gas Inc. 3.20% 09-15-2051	331,000	301	241
Enbridge Gas Inc. 3.65% 04-01-2050	40,000	43	32
Enbridge Gas Inc. 4.55% 08-17-2052	166,000	166	154
Enbridge Inc. 3.10% 09-21-2033	2,095,000	2,070	1,699
Enbridge Inc. 5.375% 09-27-2077	2,014,000	1,955	1,840
Enbridge Inc. 6.625% 04-12-2078	649,000	653	624
Enbridge Pipelines Inc. 3.79% 08-17-2023	487,000	521	482
Enbridge Pipelines Inc. 4.33% 02-22-2049	180,000	188	145
Energir Inc. 2.10% 04-16-2027	168,000	153	153
Energir LP 4.67% 09-27-2032	163,000	163	162
EPCOR Utilities Inc. 3.106% 07-08-2049	287,000	214	211
EPCOR Utilities Inc. 3.554% 11-27-2047	308,000	316	248
EPCOR Utilities Inc. 4.725% 09-02-2052	221,000	221	215
Equitable Bank 1.876% 11-26-2025	35,000	31	31
Equitable Bank 3.362% 03-02-2026	167,000	167	155
Fairfax Financial Holdings Ltd. 3.95% 03-03-2031	860,000	824	754
Federation des Caisses Desjardins du Quebec 1.093% 01-21-2026	2,319,000	2,319	2,063
Federation des Caisses Desjardins du Quebec 1.587% 09-10-2026	310,000	291	275
Federation des Caisses Desjardins du Quebec 2.417% 10-04-2024	155,000	148	148

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	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Federation des Caisses Desjardins du Quebec 2.856% 05-26-2030	695,000	647	652
Federation des Caisses Desjardins du Quebec 4.407% 05-19-2027	275,000	275	269
Federation des Caisses Desjardins du Quebec 5.035% 08-23-2032	465,000	465	453
Federation des Caisses Desjardins du Quebec 5.20% 10-01-2025	355,000	355	356
First National Financial Corp. 2.961% 11-17-2025	130,000	130	119
Ford Credit Canada Co. 2.961% 09-16-2026	108,000	108	95
Ford Credit Canada Co. 6.777% 09-15-2025	370,000	370	373
Fortified Trust 1.964% 10-23-2026	460,000	460	410
Fortified Trust 3.76% 06-23-2025	240,000	240	232
Fortis Inc. 4.431% 05-31-2029	277,000	277	269
GFL Environmental Inc. 3.50% 09-01-2028 144A	2,000	2	2
Gibson Energy Inc. 3.60% 09-17-2029	266,000	265	239
Gibson Energy Inc. 5.25% 12-22-2030	415,000	415	354
Government of Canada 2.75% 08-01-2024	9,391,000	9,289	9,191
Granite REIT Holdings LP 2.194% 08-30-2028	333,000	327	282
Granite REIT Holdings LP 3.062% 06-04-2027	865,000	924	788
Greater Toronto Airports Authority 2.73% 04-03-2029	144,000	131	131
Greater Toronto Airports Authority 2.75% 10-17-2039	905,000	903	686
Greater Toronto Airports Authority 3.15% 10-05-2051	278,000	211	208
Greater Toronto Airports Authority 5.63% 06-07-2040	912,000	1,192	992
Greater Toronto Airports Authority 7.05% 06-12-2030	204,000	233	232
Greater Toronto Airports Authority 7.10% 06-04-2031	204,000	237	235
H&R REIT 2.633% 02-19-2027	248,000	249	220
H&R REIT 2.906% 06-02-2026	386,000	395	352
H&R REIT 4.071% 06-16-2025	353,000	381	339
Home Trust Co. 5.317% 06-13-2024	229,000	229	225
Honda Canada Finance Inc. 1.337% 03-17-2026	210,000	186	187
Honda Canada Finance Inc. 1.646% 02-25-2028	330,000	330	281
HSBC Bank Canada 3.403% 03-24-2025	410,000	409	397
Hydro One Inc. 2.23% 09-17-2031	210,000	210	174
Hydro One Inc. 4.59% 10-09-2043	153,000	150	146
Hydro One Inc. 4.89% 03-13-2037	365,000	355	363
Hydro One Inc. 4.91% 01-27-2028	309,000	309	316
Hydro One Inc. 6.93% 06-01-2032	265,000	309	305
Hydro One Inc. 7.35% 06-03-2030	408,000	468	470
Hydro One Ltd. 1.41% 10-15-2027	295,000	295	256
iA Financial Corp. Inc. 2.40% 02-21-2025	105,000	105	98

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Intact Financial Corp. 4.125% 03-31-2081	60,000	60	50
Intact Financial Corp. 5.459% 09-22-2032 144A	152,000	201	204
Inter Pipeline Ltd. 3.484% 12-16-2026	382,000	384	356
Inter Pipeline Ltd. 3.983% 11-25-2031	180,000	180	157
Inter Pipeline Ltd. 4.232% 06-01-2027	492,000	503	471
Inter Pipeline Ltd. 5.76% 02-17-2028	144,000	144	146
Inter Pipeline Ltd. 5.849% 05-18-2032	127,000	127	126
Inter Pipeline Ltd. 6.875% 03-26-2079	142,000	142	136
John Deere Financial Inc. 1.63% 04-09-2026	73,000	73	66
Keyera Corp. 3.959% 05-29-2030	384,000	410	347
Keyera Corp. 5.95% 03-10-2081	200,000	200	174
Kruger Packaging Holdings LP 6.00% 06-01-2026	186,000	186	179
Kruger Products LP 5.375% 04-09-2029	40,000	40	34
Laurentian Bank of Canada 1.15% 06-03-2024	211,000	211	198
Laurentian Bank of Canada 1.603% 05-06-2026	64,000	64	58
Laurentian Bank of Canada 4.60% 09-02-2025	286,000	286	280
Laurentian Bank of Canada 5.095% 06-15-2032	570,000	570	540
Loblaw Companies Ltd. 2.284% 05-07-2030	316,000	264	265
Loblaw Companies Ltd. 5.008% 09-13-2032	195,000	195	194
Loblaw Companies Ltd. 5.336% 09-13-2052	148,000	148	148
Lower Mattagami Energy LP 2.433% 05-14-2031	206,000	206	176
Lower Mattagami Energy LP 3.42% 06-20-2024	181,000	177	177
Lower Mattagami Energy LP 4.854% 10-31-2033	126,000	126	127
Manulife Bank of Canada 1.536% 09-14-2026	319,000	319	282
Manulife Bank of Canada 2.864% 02-16-2027	361,000	361	333
Manulife Financial Corp. 2.237% 05-12-2030	775,000	712	719
Manulife Financial Corp. 3.049% 08-20-2029	1,753,000	1,798	1,682
Manulife Financial Corp. 7.117% 06-19-2082	254,000	254	249
Mattamy Group Corp. 4.625% 03-01-2030 144A	20,000	22	22
MCAP Commercial LP 3.743% 08-25-2025	224,000	224	210
National Bank of Canada 1.534% 06-15-2026	182,000	175	163
National Bank of Canada 1.573% 08-18-2026	234,000	213	214
National Bank of Canada 2.58% 02-03-2025	1,319,000	1,314	1,253
National Bank of Canada 2.983% 03-04-2024	1,059,000	1,130	1,032
National Bank of Canada 3.183% 02-01-2028	791,000	822	790
National Bank of Canada 4.05% 08-15-2081	250,000	250	192
National Bank of Canada 4.30% 11-15-2025	508,000	508	459

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	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
National Bank of Canada 5.296% 11-03-2025	215,000	216	216
National Bank of Canada 5.426% 08-16-2032	460,000	460	455
North West Redwater Partnership 2.80% 06-01-2027	775,000	748	717
North West Redwater Partnership 3.20% 04-24-2026	502,000	524	477
North West Redwater Partnership 3.20% 07-22-2024	185,000	180	180
North West Redwater Partnership 3.70% 02-23-2043	110,000	109	88
North West Redwater Partnership/NWR Financing Co. Ltd. 2.80% 06-01-2031	716,000	680	610
OMERS Finance Trust 2.60% 05-14-2029	471,000	471	432
OMERS Realty Corp. 3.628% 06-05-2030	26,000	31	24
Ontario Power Generation Inc. 2.893% 04-08-2025	914,000	877	878
Ontario Teachers' Finance Trust 1.10% 10-19-2027	193,000	169	169
Ontario Teachers' Finance Trust 4.45% 06-02-2032	229,000	228	233
Parkland Corp. of Canada 3.875% 06-16-2026	590,000	590	542
Parkland Corp. of Canada 4.375% 03-26-2029	1,786,000	1,786	1,534
Parkland Corp. of Canada 6.00% 06-23-2028	456,000	454	436
Pembina Pipeline Corp. 2.56% 06-01-2023	469,000	469	464
Pembina Pipeline Corp. 2.99% 01-22-2024	671,000	700	655
Pembina Pipeline Corp. 4.02% 03-27-2028	932,000	1,036	886
Pembina Pipeline Corp. 4.74% 01-21-2047	54,000	59	45
Pembina Pipeline Corp. 4.75% 03-26-2048	116,000	124	97
Pembina Pipeline Corp. 4.80% 01-25-2031	330,000	330	270
Pembina Pipeline Corp. 4.81% 03-25-2044	489,000	471	420
Prime Structured Mortgage Trust 1.856% 11-15-2024	244,000	244	229
Province of Quebec 4.40% 12-01-2055	4,373,000	4,610	4,529
PSP Capital Inc. 2.05% 01-15-2030	27,000	27	24
PSP Capital Inc. 2.60% 03-01-2032	829,000	764	736
Reliance LP 2.67% 08-01-2028	215,000	215	185
Reliance LP 2.68% 12-01-2027	305,000	305	268
Reliance LP 3.75% 03-15-2026	128,000	128	121
RioCan REIT 2.361% 03-10-2027	205,000	205	179
RioCan REIT 2.576% 02-12-2025	2,083,000	2,122	1,956
RioCan REIT 2.829% 11-08-2028	322,000	293	275
RioCan REIT 4.628% 05-01-2029	69,000	69	64
Rogers Communications Inc. 3.10% 04-15-2025	195,000	185	186
Rogers Communications Inc. 3.75% 04-15-2029	605,000	602	559
Rogers Communications Inc. 5.00% 12-17-2081	513,000	513	464

Fixed Income Fund (Laketon) SF019

Schedule of Investment Portfolio

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

As at December 31, 2022

	<u>No. of Units, Shares or Par Value</u>	<u>Average Cost</u>	<u>Fair Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Rogers Communications Inc. 5.25% 03-15-2082 144A	117,000	148	141
Rogers Communications Inc. 6.68% 11-04-2039	202,000	256	215
Royal Bank of Canada 2.088% 06-30-2030	390,000	367	359
Royal Bank of Canada 2.14% 11-03-2031	333,000	333	293
Royal Bank of Canada 2.328% 01-28-2027	500,000	450	452
Royal Bank of Canada 2.88% 12-23-2029	2,766,000	2,810	2,621
Royal Bank of Canada 3.369% 09-29-2025	614,000	597	589
Royal Bank of Canada 4.612% 07-26-2027	767,000	758	757
Royal Bank of Canada 5.235% 11-02-2026	419,000	420	423
Russel Metals Inc. 5.75% 10-27-2025	535,000	535	527
Sagen MI Canada Inc. 3.261% 03-05-2031	398,000	396	327
Sagen MI Canada Inc. 4.95% 03-24-2081	136,000	136	109
Shaw Communications Inc. 2.90% 12-09-2030	172,000	144	144
Shaw Communications Inc. 6.75% 11-09-2039	298,000	394	318
Sienna Senior Living Inc. 2.82% 03-31-2027	75,000	75	67
Summit Industrial Income REIT 1.82% 04-01-2026	102,000	102	91
Summit Industrial Income REIT 2.25% 01-12-2027	332,000	332	294
Summit Industrial Income REIT 2.44% 07-14-2028	179,000	177	154
Sun Life Financial Inc. 2.06% 10-01-2035	521,000	521	410
Sun Life Financial Inc. 2.38% 08-13-2029	1,027,000	1,025	976
Sun Life Financial Inc. 2.58% 05-10-2032	820,000	845	734
Sun Life Financial Inc. 2.80% 11-21-2033	456,000	456	398
Sun Life Financial Inc. 4.78% 08-10-2034	357,000	355	345
Suncor Energy Inc. 3.95% 03-04-2051	674,000	661	507
Superior Plus LP 4.25% 05-18-2028	800,000	795	697
Tamarack Valley Energy Ltd. 7.25% 05-10-2027	50,000	47	47
TELUS Corp. 2.05% 10-07-2030	752,000	725	604
TELUS Corp. 2.35% 01-27-2028	247,000	246	219
TELUS Corp. 3.15% 02-19-2030	472,000	439	418
TELUS Corp. 3.30% 05-02-2029	522,000	536	474
TELUS Corp. 5.25% 11-15-2032	173,000	172	172
Teranet Holdings LP 3.544% 06-11-2025	431,000	431	412
Teranet Holdings LP 3.719% 02-23-2029	478,000	478	434
The Bank of Nova Scotia 1.95% 01-10-2025	557,000	544	524
The Bank of Nova Scotia 2.95% 03-08-2027	1,177,000	1,104	1,088
The Bank of Nova Scotia 3.934% 05-03-2032	230,000	230	215
The Bank of Nova Scotia 5.50% 05-08-2026	478,000	478	485

Fixed Income Fund (Laketon) SF019

Schedule of Investment Portfolio

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

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
The Bank of Nova Scotia 7.023% 07-27-2082	876,000	871	856
The Empire Life Insurance Co. 3.625% 04-17-2026	108,000	108	86
The Independent Order of Foresters 2.885% 10-15-2035	526,000	526	432
The Toronto-Dominion Bank 1.888% 03-08-2028	1,044,000	1,021	900
The Toronto-Dominion Bank 1.943% 03-13-2025	1,298,000	1,327	1,216
The Toronto-Dominion Bank 2.26% 01-07-2027	297,000	288	268
The Toronto-Dominion Bank 2.667% 09-09-2025	816,000	778	768
The Toronto-Dominion Bank 3.06% 01-26-2032	820,000	813	746
The Toronto-Dominion Bank 3.105% 04-22-2030	956,000	917	906
The Toronto-Dominion Bank 4.21% 06-01-2027	398,000	398	387
The Toronto-Dominion Bank 4.68% 01-08-2029	284,000	284	280
The Toronto-Dominion Bank 5.376% 10-21-2027	243,000	243	247
The Toronto-Dominion Bank 7.283% 10-31-2082	378,000	378	376
The Toronto-Dominion Bank Floating Rate 03-04-2031	452,000	442	444
Thomson Reuters Corp. 2.239% 05-14-2025	621,000	640	584
TMX Group Ltd. 2.016% 02-12-2031	129,000	129	104
Toronto Hydro Corp. 2.47% 10-20-2031	172,000	172	146
Toronto-Dominion Bank 4.34% 01-27-2026	1,418,000	1,399	1,390
Tourmaline Oil Corp. 2.077% 01-25-2028	96,000	96	83
Tourmaline Oil Corp. 2.529% 02-12-2029	117,000	117	101
Toyota Credit Canada Inc. 1.18% 02-23-2026	223,000	223	199
TransCanada PipeLines Ltd. 3.80% 04-05-2027	581,000	653	554
TransCanada PipeLines Ltd. 4.18% 07-03-2048	60,000	58	47
TransCanada PipeLines Ltd. 5.33% 05-12-2032	82,000	82	82
TransCanada PipeLines Ltd. Floating Rate 05-18-2077	1,272,000	1,282	1,138
TransCanada Trust 4.20% 03-04-2081	538,000	538	430
Transcontinental Inc. 2.667% 02-03-2025	79,000	74	74
Ventas Canada Finance Ltd. 2.80% 04-12-2024	432,000	442	416
Videotron Ltd. 3.125% 01-15-2031	625,000	625	481
Videotron Ltd. 4.50% 01-15-2030	945,000	945	824
Videotron Ltd./Videotron Ltee 3.625% 06-15-2028	300,000	300	259
Waste Management of Canada Corp. 2.60% 09-23-2026	94,000	94	87
WSP Global Inc. 2.408% 04-19-2028	431,000	434	380
Total Corporate - Non-convertible		143,241	133,300

Fixed Income Fund (Laketon) SF019

Schedule of Investment Portfolio

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

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds (continued)			
Corporate - Convertible			
Columbia Care Inc. 6.00% 06-29-2025 Conv.	25,000	31	34
Total Corporate - Convertible		31	34
Mortgage Backed			
Scotia Capital Inc. 0.89% 09-01-2026	790,000	707	662
Scotia Capital Inc. 1.25% 03-01-2025	1,290,000	888	833
Total Mortgage Backed		1,595	1,495
Total Canadian Bonds		237,774	219,736
United States Bonds			
Federal Government			
United States Treasury 2.75% 08-15-2032	3,511,000	4,379	4,327
United States Treasury Inflation Index 0.125% 02-15-2052 Real Return	1,069,000	1,545	1,000
Total Federal Government		5,924	5,327
Corporate - Non-convertible			
Alexandria Real Estate Equities Inc. 2.00% 05-18-2032	69,000	88	72
Amazon.com Inc. 3.95% 04-13-2052	392,000	466	446
Amazon.com Inc. 4.70% 12-01-2032	373,000	507	502
AT&T Inc. 4.85% 05-25-2047	140,000	126	122
AT&T Inc. 5.10% 11-25-2048	345,000	350	310
AT&T Inc. Floating Rate 03-25-2024	120,000	150	162
Athene Global Funding 2.47% 06-09-2028	240,000	216	205
Athene Global Funding Floating Rate 04-09-2024	510,000	510	506
Bank of America Corp. 1.978% 09-15-2027	307,000	302	273
Bank of America Corp. 2.598% 04-04-2029	216,000	216	190
Bank of America Corp. 3.615% 03-16-2028	432,000	419	406
Charter Communications Operating LLC/Charter Communications Operating Capital Corp. 3.50% 06-01-2041	131,000	165	117
DIRECTV Holdings LLC/DIRECTV Financing Co. 5.875% 08-15-2027 144A	41,000	52	50
Ford Motor Co. 3.25% 02-12-2032	821,000	1,019	837
Go Daddy Operating Co. LLC/GD Finance Co. Inc. 3.50% 03-01-2029 144A	5,000	6	6
JPMorgan Chase & Co. 1.896% 03-05-2028	564,000	564	498

Fixed Income Fund (Laketon) SF019

Schedule of Investment Portfolio

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

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Bonds (continued)			
Corporate - Non-convertible (continued)			
Mastercard Inc. 1.90% 03-15-2031	128,000	161	141
McDonald's Corp. 3.125% 03-04-2025	1,081,000	1,057	1,044
Nestle Holdings Inc. 2.192% 01-26-2029	242,000	242	212
NextEra Energy Capital Holdings Inc. 1.90% 06-15-2028	143,000	172	166
Tenet Healthcare Corp. 4.375% 01-15-2030 144A	35,000	44	41
The Estee Lauder Companies Inc. 1.95% 03-15-2031	213,000	268	233
The Goldman Sachs Group Inc. 2.013% 02-28-2028	169,000	169	144
The Goldman Sachs Group Inc. 2.599% 11-30-2027	455,000	455	412
The Walt Disney Co. 3.057% 03-30-2027	1,122,000	1,188	1,043
T-Mobile USA Inc. 5.20% 01-15-2023	317,000	414	425
Univision Communications Inc. 4.50% 05-01-2029 144A	50,000	61	57
Verizon Communications Inc. 2.375% 03-22-2028	647,000	644	575
Verizon Communications Inc. 3.55% 03-22-2051	45,000	56	44
Verizon Communications Inc. Floating Rate 03-20-2026	147,000	184	195
Wells Fargo & Co. 2.568% 05-01-2025	501,000	468	470
Wells Fargo & Co. 2.975% 05-19-2026	162,000	175	151
Wells Fargo & Co. 3.90% 03-15-2026	125,000	159	149
Total Corporate - Non-convertible		11,073	10,204
Total United States Bonds		16,997	15,531
Global Bonds			
Australia			
Transurban Finance Co. Pty Ltd. 4.555% 11-14-2028	170,000	187	164
Austria			
Suzano Austria GmbH 2.50% 09-15-2028	163,000	204	186
British Virgin Islands			
Easy Tactic Ltd. 7.50% 07-11-2027	206,171	168	59
Sino-Ocean Land Treasure IV Ltd. 4.75% 08-05-2029	300,000	156	226

Fixed Income Fund (Laketon) SF019

Schedule of Investment Portfolio

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

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Bonds (continued)			
Cayman Islands			
Agile Group Holdings Ltd. 5.75% 01-02-2025	300,000	317	218
Kaisa Group Holdings Ltd. 10.50% 09-07-2022 ⁽¹⁾	600,000	368	114
Kaisa Group Holdings Ltd. 8.65% 07-22-2022 ⁽¹⁾	200,000	91	38
Logan Group Co. Ltd. 4.70% 07-06-2026	604,000	491	188
Chile			
Colbun SA 3.15% 01-19-2032	206,000	254	237
Japan			
Renesas Electronics Corp. 2.17% 11-25-2026	213,000	268	248
Toyota Motor Corp. 1.339% 03-25-2026	123,000	154	149
Jersey			
Heathrow Funding Ltd. 2.694% 10-13-2027	165,000	165	147
Heathrow Funding Ltd. 3.40% 03-08-2028	363,000	363	333
Heathrow Funding Ltd. 3.726% 04-13-2033	262,000	268	221
Heathrow Funding Ltd. 3.782% 09-04-2030	182,000	182	163
Luxembourg			
Aroundtown SA 4.625% 09-18-2025	487,000	485	455
Mexico			
Becle SAB de CV 2.50% 10-14-2031	249,000	312	261
Netherlands			
NXP BV/NXP Funding LLC/NXP USA Inc. 2.65% 02-15-2032	84,000	107	89
United Kingdom			
Anglian Water Services Financing PLC 4.525% 08-26-2032	173,000	173	165
BP Capital Markets PLC 3.47% 05-15-2025	293,000	284	285
Lloyds Banking Group PLC 3.50% 02-03-2025	576,000	576	548
MARB BondCo PLC 3.95% 01-29-2031	200,000	205	210
National Grid Electricity Transmission PLC 2.301% 06-22-2029	344,000	344	293

⁽¹⁾ This security was past due as at December 31, 2022. The term-to-maturity for this security is disclosed as 1 year or less in the Interest Rate Risk note within the Notes to the Schedule of Investment Portfolio.

Fixed Income Fund (Laketon) SF019

Schedule of Investment Portfolio

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

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Bonds (continued)			
Supra - National			
International Bank for Reconstruction and Development 0.00% 03-31-2027	280,000	334	334
International Bank for Reconstruction and Development 1.95% 09-20-2029	328,000	328	292
Total Global Bonds		6,784	5,623
Total Bonds		261,555	240,890
Canadian Common Stock			
Exchange Traded Funds			
BMO High Yield US Corporate Bond Hedged to CAD Index ETF	84,711	1,119	909
Mackenzie Canadian Aggregate Bond Index ETF *	44,000	3,966	3,951
Mackenzie Emerging Markets Local Currency Bond Index ETF *	87,079	7,758	6,820
Total Canadian Common Stock		12,843	11,680
Canadian Preferred Stock			
Communication Services			
BCE Inc. 2.75% Preferred	697	11	11
BCE Inc. 3.61% Preferred	4,428	69	77
BCE Inc. 4.13% Preferred	223	4	3
Consumer Staples			
Loblaw Companies Ltd. 5.30% Preferred	831	22	19
Energy			
TransAlta Corp. 4.027% Preferred	660	12	13
Financials			
Brookfield Corp. 4.80% Preferred Conv.	2,187	56	49
Utilities			
Emera Inc. 4.25% Preferred	207	5	5
Emera Inc. 4.60% Preferred	2,310	58	40
TransAlta Corp. 2.709% Preferred	2,546	31	33
Total Canadian Preferred Stock		268	250

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

Fixed Income Fund (Laketon) SF019

Schedule of Investment Portfolio

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

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock			
Bermuda			
Brookfield Renewable Partners LP 5.00% Preferred	1,906	47	41
Total Global Common Stock		47	41
Total Stocks		13,158	11,971

Fixed Income Fund (Laketon) SF019

Schedule of Investment Portfolio

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

As at December 31, 2022

Schedule of Derivative Contracts

Forward Currency Contracts

Contract Price	Settlement Date	Purchased Currency		Sold Currency		Unrealized Gain (Loss)	
		Currency	Value as at December 31	Currency	Value as at December 31		
1.3858	February 3, 2023	Canadian Dollar	2,638	United States Dollar	2,593	45	
0.7396	February 10, 2023	United States Dollar	636	Canadian Dollar	635	1	
						Derivatives - Assets	46
0.7361	January 13, 2023	United States Dollar	1,967	Canadian Dollar	1,974	(7)	
1.3158	January 13, 2023	Canadian Dollar	4,454	United States Dollar	4,549	(95)	
1.3136	January 13, 2023	Canadian Dollar	19,759	United States Dollar	20,208	(450)	
0.7256	January 20, 2023	United States Dollar	979	Canadian Dollar	996	(17)	
0.7256	January 20, 2023	United States Dollar	988	Canadian Dollar	1,006	(18)	
1.3289	February 3, 2023	Canadian Dollar	4,679	United States Dollar	4,744	(65)	
0.7286	February 10, 2023	United States Dollar	1,509	Canadian Dollar	1,530	(21)	
1.3296	February 17, 2023	Canadian Dollar	2,550	United States Dollar	2,584	(34)	
0.7342	February 17, 2023	United States Dollar	10,531	Canadian Dollar	10,597	(66)	
1.3262	February 24, 2023	Canadian Dollar	2,729	United States Dollar	2,770	(41)	
1.3261	February 24, 2023	Canadian Dollar	5,272	United States Dollar	5,352	(80)	
						Derivatives - Liabilities	(894)
Total Forward Currency Contracts							(848)

Futures Contracts

No. of Contracts	Average Contract Price	Futures Contracts	Maturity Date	Notional Amount	Price as at December 31	Unrealized Gain (Loss)	
(170)	CAD 119.47	EURO-BOBL FUTURE 03-31-2023	March 31, 2023	EUR 19,678	CAD 115.75	106	
(21)	CAD 147.88	JPN 10Y BOND (OSE) 03-31-2023	March 31, 2023	JPY 3,054,660	CAD 145.46	15	
						Derivatives - Assets	121
Total Futures Contracts							121

Total Derivative Instruments at Fair Value

(727)

Transaction Costs (note 2)

(5)

Total Investments

274,708

252,134

Fixed Income Fund (Laketon) SF019

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Fixed Income Fund (Laketon) SF019 (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

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

B. Liquidity Risk

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

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

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

C. Currency Risk

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

Fixed Income Fund (Laketon) SF019

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2022 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2022

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ (3,015)	\$ 3,111	\$ 96	\$ 1
Other Currencies	—	(36)	(36)	—
Total	\$ (3,015)	\$ 3,075	\$ 60	\$ 1
As Percent of Net Assets Attributable to Contractholders			—%	

*Includes both monetary and non-monetary instruments

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 740	\$ 102	\$ 842	\$ 8
Total	\$ 740	\$ 102	\$ 842	\$ 8
As Percent of Net Assets Attributable to Contractholders			0.3%	

*Includes both monetary and non-monetary instruments

D. Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Due to the nature of short-term fixed income securities with a remaining term-to-maturity of less than one year, these investments are not generally exposed to a significant risk that their value will fluctuate in response to changes in the prevailing levels of market interest rates. The risk is professionally managed at the security and fund level by the Company.

The table below summarizes the Fund's exposure to interest rate risk by remaining term-to-maturity.

2022

	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ 3,461	\$ 68,950	\$ 99,602	\$ 68,877	\$ 240,890

2021

	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ 7,412	\$ 85,580	\$ 90,079	\$ 76,683	\$ 259,754

Fixed Income Fund (Laketon) SF019

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

D. Interest Rate Risk (continued)

As at December 31, 2022, had prevailing interest rates increased or decreased by 1% assuming a parallel shift in the yield curve, with all other variables held constant, net assets attributable to contractholders would have decreased or increased, respectively, by approximately \$17,998 (\$19,226 at December 31, 2021) or approximately 6.9% (6.4% at December 31, 2021). The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual results may differ and the difference could be significant.

E. Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt instruments includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt instruments represents the maximum credit risk exposure as at December 31, 2022. The amount of credit risk to any one issuer may be determined from the information reported in the Schedule of Investment Portfolio. The Fund may invest in short-term fixed income securities issued or guaranteed primarily by the Government of Canada or any Canadian provincial government, obligations of Canadian chartered banks or trust companies, and commercial paper with approved credit ratings. The risk of default on these short-term fixed income securities is considered low. The Company monitors credit risk and credit ratings on a regular basis. All new counterparties to financial instruments are subject to an approval process.

There was no change in fair values of financial liabilities as a result of changes in credit risks during 2022 or 2021.

All transactions in listed securities are settled and paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Credit ratings disclosed below are obtained from independent rating agencies including DBRS, Standard & Poor's, Moody's Investors Service and Fitch Ratings. The lowest rating provided by the agencies is used.

Debt securities by credit rating are as follows:

	2022		2021	
	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)
AAA	4.5	4.2	11.2	9.7
AA	28.3	26.1	22.3	19.2
A	33.4	30.9	25.8	22.1
BBB	27.6	25.6	32.7	28.1
BB and lower	5.9	5.4	7.3	6.3
NR *	0.3	0.3	0.7	0.6
Total	100.0	92.5	100.0	86.0

*Bonds disclosed as NR are mortgage backed securities or privately placed bonds or bonds that have not been rated by a rating agency.

Fixed Income Fund (Laketon) SF019

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

F. Other Price Risk

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

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2022, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$120 (\$243 at December 31, 2021) or approximately 0.0% (0.1% at December 31, 2021) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

G. Fair Value Classification

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

	2022			
	Assets and Liabilities Measured at Fair Value			
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total
Bonds	\$ —	\$ 240,805	\$ 85	\$ 240,890
Stocks	11,971	—	—	11,971
Derivatives	121	46	—	167
Total assets measured at fair value	\$ 12,092	\$ 240,851	\$ 85	\$ 253,028
Liabilities measured at fair value				
Derivatives ⁽¹⁾	\$ —	\$ 894	\$ —	\$ 894
Net assets attributable to contractholders measured at fair value	\$ 12,092	\$ 239,957	\$ 85	\$ 252,134

⁽¹⁾ Excludes collateral pledged to counterparties of \$1,162.

	2021			
	Assets and Liabilities Measured at Fair Value			
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total
Bonds	\$ —	\$ 259,722	\$ 32	\$ 259,754
Stocks	24,302	—	—	24,302
Derivatives	—	92	—	92
Total assets measured at fair value	\$ 24,302	\$ 259,814	\$ 32	\$ 284,148
Liabilities measured at fair value				
Derivatives ⁽¹⁾	\$ 10	\$ 123	\$ —	\$ 133
Net assets attributable to contractholders measured at fair value	\$ 24,292	\$ 259,691	\$ 32	\$ 284,015

⁽¹⁾ Excludes collateral pledged to counterparties of \$714.

There were no significant transfers between Level 1 and Level 2 during 2022 or 2021.

Fixed Income Fund (Laketon) SF019

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

G. Fair Value Classification (continued)

The following table presents additional information about assets measured at fair value on a recurring basis and for which the Fund has utilized Level 3 inputs to determine fair value:

	2022	2021
	Bonds	Bonds
Balance, beginning of year	\$ 32	\$ —
Total gain (loss) included in net assets from operations attributable to contractholders	(3)	—
Purchases	56	—
Sales	—	—
Settlements	—	—
Transfers into Level 3	—	32
Transfers out of Level 3	—	—
Balance, end of year	\$ 85	\$ 32
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	\$ (3)	\$ —

Fixed Income Fund (Laketon) SF019

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

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

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Flex	31,697	36,798	44,770	48,754	56,767	5,082	6,812	8,689	8,884	9,908
Generations/Mosaic	912,192	1,091,352	1,266,721	1,360,049	1,500,280	14,576	20,133	24,501	24,697	26,097
Generations I	276,131	407,502	487,372	530,807	602,098	3,429	5,818	7,268	7,403	8,013
Generations II	50,267	67,046	83,239	92,631	147,502	589	904	1,173	1,221	1,857
Generations Core	123,142	159,672	184,035	201,001	234,710	1,467	2,185	2,629	2,684	2,989
75/75 guarantee policy	215,699	264,166	314,332	366,324	331,947	2,367	3,331	4,137	4,506	3,894
75/100 guarantee policy	767,297	876,954	1,063,871	1,299,716	1,090,222	8,366	10,992	13,928	15,913	12,737
100/100 guarantee policy	70,106	80,778	85,564	111,908	98,299	759	1,006	1,114	1,363	1,143
PS1 75/75 guarantee policy	119,119	131,480	152,577	194,287	151,606	1,265	1,594	1,917	2,267	1,676
PS1 75/100 guarantee policy	628,311	699,416	930,213	1,035,649	778,165	6,635	8,436	11,640	12,038	8,573
PS1 100/100 guarantee policy	57,217	77,188	122,203	97,565	94,000	596	919	1,511	1,122	1,026
PS2 75/75 guarantee policy	346,345	353,719	438,500	469,390	39,096	4,258	4,897	6,208	6,085	474
PS2 75/100 guarantee policy	311,235	392,354	489,303	520,844	513,362	3,827	5,432	6,928	6,752	6,218
PS2 100/100 guarantee policy	65,039	72,885	87,172	89,104	19,775	798	1,007	1,232	1,153	239
PS 75/75 guarantee policy	64	—	158	612	—	1	—	2	6	—
PS 75/100 guarantee policy	6,169	6,767	10,542	13,530	4,272	59	74	119	142	43
PPS 75/100 guarantee policy	6,702	16,904	43,164	43,442	36,629	66	188	496	461	367

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
Flex	160.41	185.19	194.17	182.29	174.62	(24.78)	(8.98)
Generations/Mosaic	15.98	18.45	19.34	18.16	17.39	(2.47)	(0.89)
Generations I	12.42	14.28	14.91	13.95	13.31	(1.86)	(0.63)
Generations II	11.72	13.48	14.09	13.18	12.59	(1.76)	(0.61)
Generations Core	11.92	13.69	14.29	13.35	12.74	(1.77)	(0.60)
75/75 guarantee policy	10.98	12.61	13.16	12.30	11.73	(1.63)	(0.55)
75/100 guarantee policy	10.90	12.53	13.09	12.24	11.68	(1.63)	(0.56)
100/100 guarantee policy	10.82	12.45	13.02	12.18	11.63	(1.63)	(0.57)
PS1 75/75 guarantee policy	10.62	12.12	12.57	11.67	11.05	(1.50)	(0.45)
PS1 75/100 guarantee policy	10.56	12.06	12.51	11.62	11.02	(1.50)	(0.45)
PS1 100/100 guarantee policy	10.41	11.91	12.37	11.50	10.91	(1.50)	(0.46)
PS2 75/75 guarantee policy	12.30	13.84	14.16	12.96	12.11	(1.54)	(0.32)
PS2 75/100 guarantee policy	12.30	13.84	14.16	12.96	12.11	(1.54)	(0.32)
PS2 75/100 guarantee policy	12.27	13.82	14.13	12.94	12.09	(1.55)	(0.31)
PS 75/75 guarantee policy	9.54	—	11.32	10.52	—	(1.36)	—
PS 75/100 guarantee policy	9.51	10.88	11.30	10.51	9.97	(1.37)	(0.42)
PPS 75/100 guarantee policy	9.81	11.14	11.49	10.62	10.01	(1.33)	(0.35)

Fixed Income Fund (Laketon) SF019

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

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

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

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

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

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

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

Fixed Income Fund (Laketon) SF019

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

Fixed Income Fund (Laketon) SF019

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

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

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

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

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

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

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

Fixed Income Fund (Laketon) SF019

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

c) Bonds and Stocks

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

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

d) Cash, Short-term Deposits and Overdrafts

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

Fixed Income Fund (Laketon) SF019

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Derivatives

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

f) Classification of Units Issued by the Fund

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

g) Recognition of Investments and Income

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

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

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

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

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

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

Interest income on debt securities - included in the change in fair value of such investments and recorded on the accrual basis.

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

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

Fixed Income Fund (Laketon) SF019

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency

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

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

Miscellaneous income (loss)

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

h) Offsetting of Financial Instruments

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

i) Amounts Due to/from Broker

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

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

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

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

j) Amounts Due to/from Outside Parties

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

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

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

k) Other Expenses

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

Fixed Income Fund (Laketon) SF019

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Income Allocation

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

m) Issue and Redemption of Units

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

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

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

n) Transaction Costs

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

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

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

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

Fixed Income Fund (Laketon) SF019

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

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

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

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

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

4. CAPITAL MANAGEMENT

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

5. INCOME TAXES

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

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

Fixed Income Fund (Laketon) SF019

Notes to the Financial Statements

(in Canadian \$ thousands)

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

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

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

7. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative contracts, including forward currency, futures and equity swap contracts, are valued at the gain or loss that would arise as a result of closing the position at the reporting date. Options are recorded at fair value as at the reporting date. The Fund may use derivative contracts to hedge against losses caused by changes in securities prices, interest rates, exchange rates and/or other risks. The Fund may also use derivative contracts for non-hedging purposes in order to invest indirectly in financial markets or to gain exposure to other currencies, provided the use of such derivatives is consistent with the Fund's investment objectives and strategies. Foreign currency risk and exposure may be direct or indirect and can include all or a portion of the currency exposure of an existing investment or group of investments. Any such gain or loss on derivative contracts is recorded as part of net gain (loss) on investments.

As at the reporting date, the unrealized gain (loss) on derivative contracts is reflected on the Statement of Financial Position of the Fund.

The Fund manages derivative credit risk through collateral arrangements where required. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented by the Fund regarding the acceptability of types of collateral and the valuation parameters. The Fund Manager monitors the value of the collateral and requests additional collateral when needed.

Fixed Income Fund (Laketon) SF019

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

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

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

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

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

Fixed Income Fund (Laketon) SF019

Supplemental Information (unaudited)

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

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
Flex	2.50	2.50	2.50	2.50	2.51
Generations/Mosaic	2.50	2.50	2.50	2.50	2.51
Generations I	2.09	2.11	2.11	2.11	2.17
Generations II	2.17	2.17	2.17	2.17	2.23
Generations Core	2.00	2.06	2.06	2.06	2.11
75/75 guarantee policy	2.00	2.06	2.06	2.06	2.11
75/100 guarantee policy	2.08	2.11	2.11	2.11	2.16
100/100 guarantee policy	2.17	2.17	2.17	2.17	2.22
PS1 75/75 guarantee policy	1.38	1.38	1.38	1.38	1.39
PS1 75/100 guarantee policy	1.43	1.43	1.43	1.43	1.44
PS1 100/100 guarantee policy	1.55	1.55	1.54	1.54	1.55
PS 75/75 guarantee policy	1.44	—	1.50	1.50	—
PS 75/100 guarantee policy	1.53	1.57	1.56	1.56	1.56
PPS 75/100 guarantee policy	0.90	0.88	0.88	0.88	0.88

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	96.75	91.49	79.49	80.90	36.21

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

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

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
MONEY MARKET FUND (LAKETON) SF029

December 31, 2022

Independent Auditor's Report

To the Contractholders of Money Market Fund (Laketon) SF029 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Money Market Fund (Laketon) SF029

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash	\$ 54,337	\$ 51,162
Investment income due and accrued	491	424
Due from The Canada Life Assurance Company (note 7)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	483,241	301,274
Stocks	—	—
Investment fund units	—	—
Total investments	483,241	301,274
Total assets	\$ 538,069	\$ 352,860
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	231	319
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	231	319
Net assets attributable to contractholders	\$ 537,838	\$ 352,541

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ 10,334	\$ 813
Miscellaneous income (loss)	19	70
Total income (loss)	10,353	883
Expenses		
Management fees (note 7)	3,520	196
Transaction costs	—	—
Withholding taxes	—	—
Other	387	35
Total expenses	3,907	231
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 6,446	\$ 652

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year		
	\$ 352,541	\$ 367,144
Contractholder deposits	524,737	300,263
Contractholder withdrawals	(345,886)	(315,518)
Increase (decrease) in net assets from operations attributable to contractholders	6,446	652
Change in net assets attributable to contractholders	185,297	(14,603)
Net assets attributable to contractholders - end of year	\$ 537,838	\$ 352,541

Money Market Fund (Laketon) SF029

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 6,446	\$ 652
Adjustments		
Add back amortization of premium (discount)	(4,646)	852
Realized (gains) losses	15	—
Unrealized (gains) losses	—	—
Gross proceeds of disposition of investments	2,942,452	1,243,415
Gross payments for the purchase of investments	(3,119,788)	(1,185,686)
Change in investment income due and accrued	(67)	(424)
Change in due from/to The Canada Life Assurance Company	(88)	(361)
Change in due from/to brokers	—	—
Change in due from/to outside parties	—	—
	<u>(175,676)</u>	<u>58,448</u>
Financing Activities		
Contractholder deposits	524,737	300,263
Contractholder withdrawals	(345,886)	(315,518)
	<u>178,851</u>	<u>(15,255)</u>
Net increase (decrease) in cash and overdrafts	3,175	43,193
Cash and overdrafts, beginning of year	51,162	7,969
Cash and overdrafts, end of year	\$ 54,337	\$ 51,162
Supplementary cash flow information		
Interest income received	\$ 5,623	\$ 1,240

Money Market Fund (Laketon) SF029

Schedule of Investment Portfolio

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

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds			
Provincial Governments			
Province of Saskatchewan Floating Rate 04-01-2023	5,000,000	5,060	5,009
Total Provincial Governments		5,060	5,009
Corporate - Non-convertible			
Bank of Montreal Floating Rate 04-25-2023	6,100,000	6,100	6,100
Canadian Imperial Bank of Commerce Floating Rate 04-19-2023	10,500,000	10,500	10,500
HSBC Bank Canada Floating Rate 02-23-2023	11,200,000	11,200	11,200
HSBC Bank Canada Floating Rate 06-29-2023	7,960,000	7,960	7,960
National Bank of Canada Floating Rate 02-09-2023	28,000,000	28,000	27,999
Plaza Trust Floating Rate 03-27-2023	5,990,000	5,990	5,990
Royal Bank of Canada Floating Rate 02-16-2023	12,100,000	12,100	12,100
Royal Bank of Canada Floating Rate 03-29-2023	14,200,000	14,200	14,200
Royal Bank of Canada Floating Rate 11-24-2023	4,000,000	4,000	4,000
Storm King Funding Floating Rate 03-27-2023	5,990,000	5,990	5,990
The Bank of Nova Scotia Floating Rate 04-06-2023	22,900,000	22,900	22,900
The Toronto-Dominion Bank Floating Rate 01-31-2025	18,000,000	18,000	18,000
The Toronto-Dominion Bank Floating Rate 04-06-2023	12,000,000	12,000	12,000
Toyota Credit Canada Inc. 2.70% 01-25-2023	1,230,000	1,226	1,229
Total Corporate - Non-convertible		160,166	160,168
Total Canadian Bonds		165,226	165,177
Short Term Notes			
Alectra Inc. 4.432% 01-03-2023	2,140,000	2,135	2,139
Alectra Inc. 4.432% 01-04-2023	4,820,000	4,808	4,818
Alectra Inc. 4.432% 01-09-2023	2,470,000	2,462	2,467
Alectra Inc. 4.446% 01-05-2023	4,500,000	4,488	4,497
AltaLink LP 4.498% 01-30-2023	1,750,000	1,743	1,744
Bank of Montreal 4.254% 01-04-2023	19,500,000	19,434	19,491
Bank of Montreal 4.443% 01-27-2023	10,000,000	9,965	9,967
Bay Street Funding Trust 4.889% 03-13-2023	100,000	99	99
Canadian Imperial Bank of Commerce 4.39% 01-27-2023	900,000	896	897

Money Market Fund (Laketon) SF029

Schedule of Investment Portfolio

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

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Short Term Notes (continued)			
Canadian Imperial Bank of Commerce 4.46% 01-31-2023	9,000,000	8,965	8,966
Central 1 Credit Union 4.129% 01-03-2023	6,120,000	6,078	6,118
Central 1 Credit Union 4.141% 01-04-2023	3,400,000	3,376	3,398
Central 1 Credit Union 4.198% 01-09-2023	2,450,000	2,433	2,447
Central 1 Credit Union 4.498% 02-28-2023	2,500,000	2,481	2,482
City of Ottawa 4.302% 01-25-2023	5,800,000	5,781	5,783
City of Vancouver 4.29% 01-11-2023	2,720,000	2,702	2,716
City of Vancouver 4.348% 01-05-2023	1,800,000	1,793	1,799
City of Vancouver 4.427% 02-08-2023	4,150,000	4,119	4,130
City of Vancouver 4.446% 01-30-2023	2,090,000	2,082	2,082
City of Vancouver 4.448% 02-13-2023	1,700,000	1,688	1,691
City of Vancouver 4.471% 01-31-2023	3,700,000	3,685	3,686
Energir Inc. 4.269% 01-26-2023	2,980,000	2,959	2,971
Energir Inc. 4.337% 01-18-2023	2,070,000	2,062	2,066
Energir Inc. 4.421% 01-25-2023	3,200,000	3,190	3,190
Energir Inc. 4.536% 02-27-2023	1,800,000	1,786	1,787
First Nations Finance Authority 4.432% 01-26-2023	1,490,000	1,485	1,485
FortisBC Energy Inc. 4.17% 01-05-2023	3,620,000	3,596	3,618
FortisBC Energy Inc. 4.358% 01-09-2023	1,200,000	1,195	1,199
FortisBC Energy Inc. 4.363% 02-09-2023	1,500,000	1,488	1,493
FortisBC Energy Inc. 4.372% 03-06-2023	1,100,000	1,088	1,091
FortisBC Energy Inc. 4.38% 01-19-2023	1,900,000	1,892	1,896
FortisBC Energy Inc. 4.38% 01-23-2023	1,520,000	1,514	1,516
Fusion Trust 4.677% 01-23-2023	630,000	627	628
Hydro Ottawa Holding Inc. 4.415% 02-16-2023	11,400,000	11,315	11,335
Intact Financial Corp. 4.392% 01-19-2023	2,250,000	2,242	2,245
King Street Funding Trust 4.733% 01-30-2023	1,600,000	1,594	1,594
King Street Funding Trust 4.839% 02-08-2023	4,000,000	3,967	3,979
Mizuho Financial Group Inc. 4.401% 01-26-2023	1,900,000	1,892	1,894
National Bank Financial 4.336% 01-03-2023	1,300,000	1,296	1,300
National Bank Financial 4.404% 01-27-2023	1,600,000	1,594	1,595
Nestle Capital Canada Ltd. 4.43% 01-26-2023	3,700,000	3,687	3,688
OMERS Realty Corp. 4.159% 01-06-2023	3,350,000	3,335	3,348
OMERS Realty Corp. 4.336% 01-04-2023	1,000,000	996	1,000
PACCAR Financial Corp. 4.324% 01-10-2023	1,200,000	1,194	1,199
PACCAR Financial Corp. 4.397% 01-12-2023	750,000	748	749
PACCAR Financial Corp. 4.481% 01-26-2023	1,500,000	1,495	1,495

Money Market Fund (Laketon) SF029

Schedule of Investment Portfolio

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

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Short Term Notes (continued)			
Plaza Trust 4.451% 02-02-2023	2,500,000	2,472	2,490
Province of Alberta 4.206% 01-30-2023	3,800,000	3,782	3,787
Province of Alberta 4.255% 01-30-2023	4,800,000	4,779	4,783
Province of Manitoba 4.407% 03-22-2023	10,000,000	9,901	9,902
Province of New Brunswick 3.666% 01-05-2023	2,900,000	2,873	2,899
Province of New Brunswick 4.094% 01-12-2023	4,140,000	4,103	4,134
Province of Newfoundland and Labrador 4.111% 02-02-2023	3,000,000	2,972	2,989
Province of Newfoundland and Labrador 4.127% 01-05-2023	3,800,000	3,769	3,798
Province of Newfoundland and Labrador 4.228% 01-12-2023	800,000	797	799
Province of Newfoundland and Labrador 4.261% 01-26-2023	4,000,000	3,980	3,988
Province of Newfoundland and Labrador 4.309% 02-14-2023	7,500,000	7,445	7,460
Province of Newfoundland and Labrador 4.316% 02-14-2023	1,500,000	1,489	1,492
Province of Newfoundland and Labrador 4.317% 02-14-2023	4,000,000	3,970	3,979
Province of Newfoundland and Labrador 4.352% 03-09-2023	3,390,000	3,353	3,363
Province of Newfoundland and Labrador 4.352% 03-16-2023	3,100,000	3,066	3,072
Province of Newfoundland and Labrador 4.424% 03-23-2023	1,500,000	1,485	1,485
Province of Newfoundland and Labrador 4.449% 03-30-2023	6,510,000	6,439	6,439
Province of Nova Scotia 4.263% 01-31-2023	2,000,000	1,988	1,993
Province of Ontario 4.118% 01-18-2023	21,540,000	21,324	21,496
Province of Ontario 4.304% 03-08-2023	6,000,000	5,936	5,953
Province of Prince Edward Island 4.127% 02-07-2023	8,000,000	7,932	7,966
Province of Prince Edward Island 4.204% 03-07-2023	7,200,000	7,125	7,145
Province of Prince Edward Island 4.257% 02-14-2023	4,000,000	3,968	3,979
Province of Prince Edward Island 4.312% 03-14-2023	3,900,000	3,858	3,866
Province of Prince Edward Island 4.323% 03-14-2023	1,700,000	1,682	1,685
Province of Prince Edward Island 4.324% 03-14-2023	2,320,000	2,295	2,300
Province of Quebec 4.234% 01-27-2023	2,900,000	2,888	2,891
Province of Saskatchewan 4.373% 02-23-2023	7,600,000	7,550	7,551
Royal Bank of Canada 4.366% 01-03-2023	6,000,000	5,981	5,998
Societe de transport de Montreal 4.38% 01-20-2023	1,900,000	1,893	1,895
Stable Trust 4.68% 02-08-2023	6,000,000	5,952	5,970
The Bank of Nova Scotia 4.366% 01-03-2023	14,150,000	14,104	14,145
The Toronto-Dominion Bank 4.337% 01-12-2023	2,700,000	2,689	2,696

Money Market Fund (Laketon) SF029

Schedule of Investment Portfolio

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

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Short Term Notes (continued)			
Toronto Hydro Corp. 4.276% 01-04-2023	2,800,000	2,798	2,799
Toronto Hydro Corp. 4.276% 01-06-2023	1,100,000	1,099	1,099
Total Short Term Notes		317,187	318,064
Total Bonds		482,413	483,241
Total Investments		482,413	483,241

Money Market Fund (Laketon) SF029

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Money Market Fund (Laketon) SF029 (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

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

B. Liquidity Risk

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

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

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

C. Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Due to the nature of short-term fixed income securities with a remaining term-to-maturity of less than one year, these investments are not generally exposed to a significant risk that their value will fluctuate in response to changes in the prevailing levels of market interest rates. The risk is professionally managed at the security and fund level by the Company.

The table below summarizes the Fund's exposure to interest rate risk by remaining term-to-maturity.

2022					
	1 year or less ⁽¹⁾	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ 465,241	\$ 18,000	\$ —	\$ —	\$ 483,241

2021					
	1 year or less ⁽¹⁾	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ 296,231	\$ 5,043	\$ —	\$ —	\$ 301,274

⁽¹⁾ For presentation purposes, short-term notes are included in Bonds on the Statement of Financial Position.

Money Market Fund (Laketon) SF029

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Interest Rate Risk (continued)

As at December 31, 2022 and 2021, a 1% increase or 1% decrease in the prevailing interest rates, with all other variables held constant, would have no impact on the total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

D. Fair Value Classification

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

<u>Assets measured at fair value</u>	2022			
	Assets Measured at Fair Value			Total
	Level 1	Level 2	Level 3	
Bonds	\$ —	\$ 483,241	\$ —	\$ 483,241
Total assets measured at fair value	\$ —	\$ 483,241	\$ —	\$ 483,241

<u>Assets measured at fair value</u>	2021			
	Assets Measured at Fair Value			Total
	Level 1	Level 2	Level 3	
Bonds	\$ —	\$ 301,274	\$ —	\$ 301,274
Total assets measured at fair value	\$ —	\$ 301,274	\$ —	\$ 301,274

There were no significant transfers between Level 1 and Level 2 during 2022 or 2021.

Money Market Fund (Laketon) SF029

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

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

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Emperor	47	47	47	258	303	4	4	4	22	26
Flex	71,135	66,581	79,170	85,013	86,451	6,151	5,701	6,770	7,263	7,362
Generations/Mosaic	1,230,283	1,422,769	1,813,655	1,624,424	1,927,980	15,852	18,155	23,113	20,682	24,465
Generations I	420,781	472,308	723,231	567,680	734,629	4,616	5,126	7,839	6,144	7,916
Generations II	135,480	181,481	272,829	132,802	173,357	1,422	1,885	2,831	1,376	1,789
Generations Core	214,917	301,532	326,587	420,896	432,604	2,259	3,135	3,392	4,365	4,466
Prestige/Prestige Plus	1,621	81	90	99	251	139	7	8	8	21
Private Collections	—	—	—	—	12,846	—	—	—	—	146
75/75 guarantee policy	7,881,340	4,964,130	5,484,265	2,339,749	1,811,231	81,202	50,597	55,826	23,783	18,328
75/100 guarantee policy	14,444,468	8,975,136	9,781,376	3,556,350	2,979,370	148,762	91,442	99,527	36,135	30,136
100/100 guarantee policy	921,423	705,992	961,229	351,181	418,717	9,476	7,184	9,769	3,564	4,232
PS1 75/75 guarantee policy	5,371,039	3,038,471	2,427,565	1,173,070	624,564	55,862	31,202	24,896	12,004	6,340
PS1 75/100 guarantee policy	12,527,349	7,499,375	7,356,986	2,598,186	1,368,707	129,919	76,817	75,260	26,523	13,869
PS1 100/100 guarantee policy	1,094,170	860,287	635,242	505,817	563,413	11,285	8,766	6,465	5,138	5,683
PS2 75/75 guarantee policy	977,248	762,166	556,767	98,109	238,040	11,078	8,448	6,125	1,067	2,543
PS2 75/100 guarantee policy	1,547,555	863,613	633,141	410,635	641,104	17,556	9,578	6,965	4,464	6,847
PS2 100/100 guarantee policy	193,811	295,531	369,980	559,622	575,487	2,190	3,263	4,050	6,052	6,114
PS 75/75 guarantee policy	340,577	127,638	168,030	174,644	69,340	3,527	1,303	1,711	1,769	696
PS 75/100 guarantee policy	830,466	392,629	402,146	42,441	11,643	8,600	4,008	4,095	430	117
PS 100/100 guarantee policy	414	—	—	260	—	4	—	—	3	—
PPS 75/75 guarantee policy	387,384	337,075	397,243	8,635	6,194	4,030	3,451	4,056	88	62
PPS 75/100 guarantee policy	787,068	604,166	665,795	22,160	—	8,179	6,181	6,794	225	—
PPS 100/100 guarantee policy	2	17,216	53,762	—	—	—	176	548	—	—
75/75 Constellation	6,343	11,753	13,628	—	—	65	118	137	—	—
75/100 Constellation	3,889	3,265	29,926	—	—	40	33	301	—	—
100/100 Constellation	—	5,417	4,306	—	—	—	55	43	—	—

Money Market Fund (Laketon) SF029

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

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

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
Emperor	87.85	87.18	87.06	86.99	86.90	0.67	0.12
Flex	86.47	85.63	85.52	85.44	85.15	0.84	0.11
Generations/Mosaic	12.89	12.76	12.74	12.73	12.69	0.13	0.02
Generations I	10.97	10.85	10.84	10.82	10.77	0.12	0.01
Generations II	10.50	10.39	10.38	10.36	10.32	0.11	0.01
Generations Core	10.51	10.40	10.39	10.37	10.32	0.11	0.01
Prestige/Prestige Plus	85.49	84.93	84.81	84.75	84.66	0.56	0.12
Private Collections	—	—	—	—	11.33	—	—
75/75 guarantee policy	10.30	10.19	10.18	10.16	10.12	0.11	0.01
75/100 guarantee policy	10.30	10.19	10.18	10.16	10.11	0.11	0.01
100/100 guarantee policy	10.28	10.18	10.16	10.15	10.11	0.10	0.02
PS1 75/75 guarantee policy	10.40	10.27	10.26	10.23	10.15	0.13	0.01
PS1 75/100 guarantee policy	10.37	10.24	10.23	10.21	10.13	0.13	0.01
PS1 100/100 guarantee policy	10.31	10.19	10.18	10.16	10.09	0.12	0.01
PS2 75/75 guarantee policy	11.34	11.08	11.00	10.88	10.68	0.26	0.08
PS2 75/100 guarantee policy	11.34	11.09	11.00	10.87	10.68	0.25	0.09
PS2 100/100 guarantee policy	11.30	11.04	10.95	10.81	10.62	0.26	0.09
PS 75/75 guarantee policy	10.36	10.21	10.18	10.13	10.04	0.15	0.03
PS 75/100 guarantee policy	10.36	10.21	10.18	10.13	10.04	0.15	0.03
PS 100/100 guarantee policy	10.34	—	—	10.12	—	0.14	—
PPS 75/75 guarantee policy	10.40	10.24	10.21	10.15	10.05	0.16	0.03
PPS 75/100 guarantee policy	10.39	10.23	10.20	10.15	—	0.16	0.03
PPS 100/100 guarantee policy	11.06	10.22	10.19	—	—	0.84	0.03
75/75 Constellation	10.20	10.06	10.04	—	—	0.14	0.02
75/100 Constellation	10.21	10.07	10.04	—	—	0.14	0.03
100/100 Constellation	—	10.06	10.04	—	—	—	0.02

Money Market Fund (Laketon) SF029

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

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

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

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

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

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

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

Money Market Fund (Laketon) SF029

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

Money Market Fund (Laketon) SF029

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

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

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

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

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

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

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

Money Market Fund (Laketon) SF029

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

c) Bonds

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

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

d) Cash and Overdrafts

Cash and overdrafts are comprised of cash on deposit and overdrafts in the bank. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Money Market Fund (Laketon) SF029

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Classification of Units Issued by the Fund

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

f) Recognition of Investments and Income

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

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

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

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

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

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

Interest income on debt securities - included in the change in fair value of such investments and recorded on the accrual basis.

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

Foreign currency

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

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

Miscellaneous income (loss)

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

Money Market Fund (Laketon) SF029

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Offsetting of Financial Instruments

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

h) Amounts Due to/from Broker

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

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

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

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

i) Amounts Due to/from Outside Parties

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

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

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

j) Other Expenses

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

k) Income Allocation

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

l) Issue and Redemption of Units

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

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

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

Money Market Fund (Laketon) SF029

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Transaction Costs

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

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

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

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

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

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S1C 75/75 Constellation IC Wealth,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S2C 75/75 Constellation IC Wealth,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy,
- Option S3HF PPS 100/100 guarantee policy, and
- Option S3C 75/75 Constellation IC Wealth.

Money Market Fund (Laketon) SF029

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

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

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

4. CAPITAL MANAGEMENT

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

5. INCOME TAXES

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

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

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

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

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

Money Market Fund (Laketon) SF029

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

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

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

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

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

Money Market Fund (Laketon) SF029

Supplemental Information *(unaudited)*

The following table shows selected key financial information about the Fund and is intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
Emperor	1.58	0.02	0.92	1.68	1.27
Flex	1.10	0.13	0.71	1.45	1.12
Generations/Mosaic	1.07	0.13	0.70	1.45	1.12
Generations I	0.96	0.13	0.63	1.34	1.24
Generations II	0.97	0.13	0.63	1.38	1.25
Generations Core	0.95	0.13	0.69	1.33	1.25
Prestige/Prestige Plus	1.58	0.02	0.92	1.68	1.27
Private Collections	—	—	—	—	1.29
75/75 guarantee policy	1.02	0.13	0.57	1.33	1.25
75/100 guarantee policy	1.03	0.13	0.57	1.33	1.25
100/100 guarantee policy	1.02	0.13	0.57	1.38	1.26
PS1 75/75 guarantee policy	0.85	0.13	0.52	0.99	0.99
PS1 75/100 guarantee policy	0.87	0.13	0.52	1.04	1.04
PS1 100/100 guarantee policy	0.88	0.13	0.58	1.10	1.08
PS 75/75 guarantee policy	0.77	—	0.31	0.88	0.88
PS 75/100 guarantee policy	0.73	—	0.14	0.88	0.88
PS 100/100 guarantee policy	0.64	—	—	0.95	—
PPS 75/75 guarantee policy	0.46	—	0.05	0.71	0.71
PPS 75/100 guarantee policy	0.52	—	0.11	0.76	—
PPS 100/100 guarantee policy	0.47	—	0.11	—	—
75/75 Constellation	0.54	—	0.24	—	—
75/100 Constellation	0.59	—	0.29	—	—
100/100 Constellation	—	—	0.15	—	—

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

Money Market Fund (Laketon) SF029

Supplemental Information *(unaudited)*

The following table shows selected key financial information about the Fund and is intended to help users of the financial statements understand the Fund's financial performance.

Unsubsidized Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
Emperor	2.26	2.39	2.23	2.18	2.16
Flex	1.57	1.56	1.55	1.55	1.52
Generations/Mosaic	1.57	1.56	1.55	1.55	1.52
Generations I	1.35	1.34	1.33	1.34	1.44
Generations II	1.40	1.39	1.37	1.38	1.53
Generations Core	1.35	1.34	1.33	1.33	1.43
Prestige/Prestige Plus	2.26	2.39	2.23	2.18	2.16
Private Collections	—	—	—	—	1.54
75/75 guarantee policy	1.34	1.34	1.33	1.33	1.43
75/100 guarantee policy	1.35	1.34	1.33	1.33	1.44
100/100 guarantee policy	1.39	1.39	1.37	1.38	1.49
PS1 75/75 guarantee policy	1.00	1.00	0.98	0.99	0.99
PS1 75/100 guarantee policy	1.06	1.05	1.04	1.04	1.04
PS1 100/100 guarantee policy	1.11	1.11	1.09	1.10	1.10
PS 75/75 guarantee policy	1.07	1.07	1.06	1.06	1.06
PS 75/100 guarantee policy	1.07	1.07	1.06	1.06	1.06
PS 100/100 guarantee policy	1.12	—	—	1.10	—
PPS 75/75 guarantee policy	0.72	0.72	0.71	0.71	0.71
PPS 75/100 guarantee policy	0.78	0.77	0.77	0.76	—
PPS 100/100 guarantee policy	0.84	0.83	0.82	—	—
75/75 Constellation	1.18	1.18	1.17	—	—
75/100 Constellation	1.18	1.18	1.17	—	—
100/100 Constellation	—	1.23	1.22	—	—

(1) The waiving of direct expenses to the segregated funds is done on a discretionary basis to maintain management expense ratios at competitive levels. There is no obligation on the Company to waive expenses and it may cease to do so at any time. The following waived expenses were part of a one-time event: in 2019, 0.09 percentage points of the waived expenses for Flex and 0.09 percentage points of the waived expenses for Generations/Mosaic; and in 2018, 0.13 percentage points of the waived expenses for Flex and 0.14 percentage points of the waived expenses for Generations/Mosaic.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
GLOBAL EQUITY FUND SF034

December 31, 2022

Independent Auditor's Report

To the Contractholders of Global Equity Fund SF034 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Global Equity Fund SF034

(in Canadian \$ thousands)

Fund Manager: Setanta Asset Management Limited

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 1,975	\$ 3,012
Investment income due and accrued	125	123
Due from The Canada Life Assurance Company (note 8)	—	91
Due from brokers	491	—
Due from outside parties	20	20
Investments		
Bonds	—	—
Stocks	140,378	152,370
Investment fund units	—	—
Derivatives (note 7)	—	—
Total investments	140,378	152,370
Total assets	\$ 142,989	\$ 155,616
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	579	—
Due to brokers	—	—
Due to outside parties	—	—
Derivatives (note 7)	—	—
Total liabilities excluding net assets attributable to contractholders	579	—
Net assets attributable to contractholders	\$ 142,410	\$ 155,616

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (10,813)	\$ 28,452
Miscellaneous income (loss)	37	69
Total income (loss)	(10,776)	28,521
Expenses		
Management fees (note 8)	2,760	2,828
Transaction costs	29	44
Withholding taxes	348	353
Other	277	284
Total expenses	3,414	3,509
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (14,190)	\$ 25,012

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 155,616	\$ 165,513
Contractholder deposits	14,628	28,830
Contractholder withdrawals	(13,644)	(63,739)
Increase (decrease) in net assets from operations attributable to contractholders	(14,190)	25,012
Change in net assets attributable to contractholders	(13,206)	(9,897)
Net assets attributable to contractholders - end of year	\$ 142,410	\$ 155,616

Global Equity Fund SF034

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	2021
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (14,190)	\$ 25,012
Adjustments		
Realized (gains) losses	(2,171)	(14,128)
Unrealized (gains) losses	15,723	(11,534)
Gross proceeds of disposition of investments	15,534	64,837
Gross payments for the purchase of investments	(17,094)	(29,871)
Change in investment income due and accrued	(2)	8
Change in due from/to The Canada Life Assurance Company	670	(80)
Change in due from/to brokers	(491)	—
Change in due from/to outside parties	—	—
	<u>(2,021)</u>	34,244
Financing Activities		
Contractholder deposits	14,628	28,830
Contractholder withdrawals	(13,644)	(63,739)
	<u>984</u>	(34,909)
Net increase (decrease) in cash, short-term deposits and overdrafts	(1,037)	(665)
Cash, short-term deposits and overdrafts, beginning of year	3,012	3,677
Cash, short-term deposits and overdrafts, end of year	\$ 1,975	\$ 3,012
Supplementary cash flow information		
Dividend income received	\$ 2,721	\$ 2,798

Global Equity Fund SF034

Schedule of Investment Portfolio

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

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Common Stock			
Materials			
Sandstorm Gold Ltd.	124,642	801	888
Total Canadian Common Stock		801	888
United States Common Stock			
Communication Services			
Alphabet Inc. Class A	27,271	3,171	3,257
Charter Communications Inc.	1,784	1,290	819
Netflix Inc.	2,142	1,280	855
Consumer Discretionary			
Booking Holdings Inc.	1,070	2,738	2,919
Lowe's Companies Inc.	5,748	716	1,550
McDonald's Corp.	10,673	2,350	3,809
Nike Inc. Class B	22,805	2,193	3,612
Consumer Staples			
Costco Wholesale Corp.	5,778	2,879	3,571
PepsiCo Inc.	4,842	678	1,184
The Estee Lauder Companies Inc. Class A	2,335	701	784
Energy			
Exxon Mobil Corp.	17,798	1,596	2,658
HF Sinclair Corp.	16,056	761	1,128
Financials			
Berkshire Hathaway Inc. Class B	12,864	2,853	5,380
Federated Hermes Inc.	24,565	904	1,207
Markel Corp.	1,118	1,193	1,994
S&P Global Inc.	3,957	1,703	1,794
SEI Investments Co.	37,284	2,867	2,943
Health Care			
Johnson & Johnson Inc.	15,737	2,372	3,763
Pfizer Inc.	4,140	182	287
Quest Diagnostics Inc.	2,889	305	612
Thermo Fisher Scientific Inc.	2,151	733	1,604

Global Equity Fund SF034

Schedule of Investment Portfolio

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

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
United States Common Stock (continued)			
Health Care (continued)			
UnitedHealth Group Inc.	3,138	771	2,252
Industrials			
O-I Glass Inc.	79,828	1,792	1,791
Oshkosh Corp.	19,290	1,406	2,303
Information Technology			
DXC Technology Co.	62,577	2,942	2,245
Electronic Arts Inc.	11,649	1,929	1,927
Keysight Technologies Inc.	14,112	1,334	3,268
Microsoft Corp.	18,045	2,822	5,859
Oracle Corp.	39,800	2,276	4,405
Real Estate			
Equinix Inc. REIT	632	580	560
Utilities			
Constellation Energy Corp.	11,758	532	1,372
Exelon Corp.	35,404	1,320	2,072
Total United States Common Stock		51,169	73,784
Global Common Stock			
Belgium			
Groupe Bruxelles Lambert SA *	17,403	2,125	1,881
Bermuda			
Lancashire Holdings Ltd.	221,608	2,439	2,359
Cayman Islands			
Tencent Holdings Ltd.	28,900	1,887	1,673
Denmark			
Tryg AS	66,749	2,041	2,151

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

Global Equity Fund SF034

Schedule of Investment Portfolio

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

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Global Common Stock (continued)			
France			
Air Liquide SA	6,627	1,154	1,271
EssilorLuxottica SA	6,139	1,196	1,505
Euroapi SASU	471	8	9
Pernod Ricard SA *	5,015	1,004	1,335
Sanofi SA	10,838	1,200	1,411
Germany			
BASF SE	21,115	1,861	1,419
Ireland			
Bank of Ireland Group PLC	103,995	504	1,341
C&C Group PLC	271,805	1,134	780
CRH PLC	30,316	1,191	1,626
DCC PLC	33,473	2,851	2,236
Johnson Controls International PLC	40,049	2,224	3,470
Kerry Group PLC Class A	8,232	925	1,005
Medtronic Co. PLC	12,462	1,493	1,311
Mincon Group PLC	587,730	719	852
Steris PLC	7,326	1,158	1,832
Isle Of Man			
Playtech PLC	269,734	2,099	2,248
Israel			
Bank Leumi Le-Israel	171,240	1,183	1,932
Italy			
Eni SPA	44,572	951	858
Terna SPA	147,269	1,117	1,472
Japan			
Alfresa Holdings Corp.	69,300	1,756	1,199
Astellas Pharma Inc.	51,100	930	1,059

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

Global Equity Fund SF034

Schedule of Investment Portfolio

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

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Global Common Stock (continued)			
Luxembourg			
Tenaris SA	60,951	931	1,438
Netherlands			
Heineken Holdings NV	13,184	1,586	1,376
Portugal			
Redes Energeticas Nacionais SGPS SA	301,377	1,099	1,101
South Korea			
Samsung Electronics Co. Ltd.	51,966	2,717	3,112
SK Square Co. Ltd.	5,373	263	195
SK Telecom Co. Ltd.	9,625	562	489
Spain			
Viscofan SA	22,627	1,650	1,974
Sweden			
Telefonaktiebolaget LM Ericsson	197,257	1,921	1,559
Switzerland			
Alcon Inc.	18,425	1,524	1,705
Cie Financiere Richemont SA Warrant 11-25-2023	20,688	-	23
Compagnie Financiere Richemont SA	5,570	555	978
Nestle SA	8,362	1,225	1,312
Novartis AG	15,052	1,649	1,843
Taiwan			
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	18,726	1,025	1,888
United Kingdom			
Close Brothers Group PLC	46,513	1,109	797
Melrose Industries PLC	848,683	2,341	1,869
National Grid PLC	118,943	1,819	1,943
Smiths Group PLC	40,369	871	1,057
Tesco PLC	212,283	1,133	779
Unilever PLC	22,003	1,396	1,494

Global Equity Fund SF034

Schedule of Investment Portfolio

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

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock (continued)			
United Kingdom (continued)			
Vodafone Group PLC	390,981	1,220	539
Total Global Common Stock		61,746	65,706
Total Stocks		113,716	140,378
Transaction Costs (note 2)		(138)	
Total Investments		113,578	140,378

Global Equity Fund SF034

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Global Equity Fund SF034 (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

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

B. Liquidity Risk

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

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

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

C. Currency Risk

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

Global Equity Fund SF034

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2022 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2022

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 83,173	\$ 17	\$ 83,190	\$ 832
Euro	23,368	1	23,369	234
United Kingdom Pound Sterling	14,607	—	14,607	146
Other Currencies	19,230	—	19,230	192
Total	\$ 140,378	\$ 18	\$ 140,396	\$ 1,404
As Percent of Net Assets Attributable to Contractholders			98.6%	1.0%

*Includes both monetary and non-monetary instruments

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 90,739	\$ 12	\$ 90,751	\$ 908
Euro	23,251	—	23,251	233
United Kingdom Pound Sterling	17,343	—	17,343	173
Other Currencies	21,037	—	21,037	210
Total	\$ 152,370	\$ 12	\$ 152,382	\$ 1,524
As Percent of Net Assets Attributable to Contractholders			97.9%	1.0%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

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

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2022, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$1,404 (\$1,524 at December 31, 2021) or approximately 1.0% (1.0% at December 31, 2021) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

Global Equity Fund SF034

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

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

2022				
Assets and Liabilities Measured at Fair Value				
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total
Stocks	\$ 134,649	\$ 5,729	\$ —	\$ 140,378
Derivatives	—	—	—	—
Total assets measured at fair value	\$ 134,649	\$ 5,729	\$ —	\$ 140,378
<u>Liabilities measured at fair value</u>				
Derivatives	\$ —	\$ —	\$ —	\$ —
Net assets attributable to contractholders measured at fair value	\$ 134,649	\$ 5,729	\$ —	\$ 140,378

2021				
Assets and Liabilities Measured at Fair Value				
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total
Stocks	\$ 126,257	\$ 26,113	\$ —	\$ 152,370
Derivatives	—	—	—	—
Total assets measured at fair value	\$ 126,257	\$ 26,113	\$ —	\$ 152,370
<u>Liabilities measured at fair value</u>				
Derivatives	\$ —	\$ —	\$ —	\$ —
Net assets attributable to contractholders measured at fair value	\$ 126,257	\$ 26,113	\$ —	\$ 152,370

In accordance with the Fund's valuation policy, the Fund applies fair value adjustment factors to the quoted market prices for certain non-North American equities when North American intraday stock market movements exceed predetermined tolerances. The adjustment factors are applied in order to estimate the impact on fair values of events occurring between the close of the non-North American stock markets and the close of business for the Fund. If fair value adjustment factors are applied, non-North American equities are classified as Level 2. Consequently, non-North American equities are frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices). As at December 31, 2022, these securities were classified as Level 2 (Level 2 at December 31, 2021).

Global Equity Fund SF034

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

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

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Flex	119,139	129,816	141,543	165,006	180,066	14,039	16,966	15,685	18,275	18,050
Generations/Mosaic	701,297	897,924	897,494	1,125,119	1,316,259	9,943	14,119	11,966	14,993	15,875
Generations I	105,921	114,873	108,917	207,739	247,951	2,329	2,798	2,247	4,279	4,617
Generations II	38,138	39,663	42,225	46,737	56,735	747	863	780	864	951
Generations Core	67,903	73,627	79,452	112,254	118,252	1,424	1,707	1,558	2,194	2,086
75/75 guarantee policy	442,872	470,394	468,423	451,750	369,752	11,839	13,908	11,711	11,257	8,316
75/100 guarantee policy	972,798	1,029,224	949,863	931,180	745,105	25,351	29,714	23,226	22,733	16,445
100/100 guarantee policy	67,675	67,012	80,262	95,997	115,341	1,705	1,876	1,908	2,285	2,489
PS1 75/75 guarantee policy	308,704	306,032	260,494	190,421	119,163	8,245	8,999	6,447	4,676	2,629
PS1 75/100 guarantee policy	791,725	818,849	670,071	601,240	373,896	20,454	23,368	16,148	14,424	8,086
PS1 100/100 guarantee policy	30,134	32,545	15,703	7,789	23,562	744	891	364	181	494
PS2 75/75 guarantee policy	361,840	174,952	104,854	68,173	47,236	12,422	6,458	3,182	2,005	1,219
PS2 75/100 guarantee policy	174,685	174,685	142,920	140,970	149,459	5,998	6,449	4,338	4,146	3,858
PS2 100/100 guarantee policy	1,233	165	—	5,179	5,156	42	6	—	152	133
PS 75/75 guarantee policy	134,677	120,751	67,496	24,637	1,493	1,570	1,540	720	259	14
PS 75/100 guarantee policy	193,177	136,223	81,706	31,119	1,388	2,235	1,727	868	326	13
PPS 75/75 guarantee policy	178,669	178,462	20,274	22,005	—	2,126	2,312	219	233	—
PPS 75/100 guarantee policy	255,596	249,933	136,729	118,046	16,728	2,997	3,202	1,463	1,244	157
PPS 100/100 guarantee policy	21,078	21,258	356	27,547	33,197	243	269	4	289	311

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
Flex	117.84	130.69	110.81	110.76	100.24	(12.85)	19.88
Generations/Mosaic	14.18	15.72	13.33	13.33	12.06	(1.54)	2.39
Generations I	21.99	24.36	20.63	20.60	18.62	(2.37)	3.73
Generations II	19.58	21.75	18.48	18.50	16.77	(2.17)	3.27
Generations Core	20.96	23.19	19.61	19.54	17.64	(2.23)	3.58
75/75 guarantee policy	26.73	29.57	25.00	24.92	22.49	(2.84)	4.57
75/100 guarantee policy	26.06	28.87	24.45	24.41	22.07	(2.81)	4.42
100/100 guarantee policy	25.20	27.99	23.77	23.80	21.58	(2.79)	4.22
PS1 75/75 guarantee policy	26.71	29.40	24.75	24.56	22.06	(2.69)	4.65
PS1 75/100 guarantee policy	25.84	28.54	24.10	23.99	21.63	(2.70)	4.44
PS1 100/100 guarantee policy	24.68	27.37	23.20	23.18	20.98	(2.69)	4.17
PS2 75/75 guarantee policy	34.33	36.91	30.35	29.41	25.81	(2.58)	6.56
PS2 75/100 guarantee policy	34.34	36.92	30.35	29.41	25.81	(2.58)	6.57
PS2 100/100 guarantee policy	34.32	36.90	—	29.40	25.80	(2.58)	6.56
PS 75/75 guarantee policy	11.66	12.75	10.67	10.52	9.39	(1.09)	2.08
PS 75/100 guarantee policy	11.57	12.68	10.62	10.49	9.38	(1.11)	2.06
PPS 75/75 guarantee policy	11.90	12.96	10.79	10.59	—	(1.06)	2.17
PPS 75/100 guarantee policy	11.72	12.81	10.70	10.54	9.39	(1.09)	2.11
PPS 100/100 guarantee policy	11.53	12.64	10.60	10.48	9.38	(1.11)	2.04

Global Equity Fund SF034

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

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

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

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

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

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

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

Global Equity Fund SF034

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

Global Equity Fund SF034

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

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

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

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

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

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

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

Global Equity Fund SF034

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

c) **Stocks**

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

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

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

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

Global Equity Fund SF034

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Derivatives

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

f) Classification of Units Issued by the Fund

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

g) Recognition of Investments and Income

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

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

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

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

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

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

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

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

Global Equity Fund SF034

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency

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

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

Miscellaneous income (loss)

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

h) Offsetting of Financial Instruments

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

i) Amounts Due to/from Broker

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

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

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

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

j) Amounts Due to/from Outside Parties

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

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

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

k) Other Expenses

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

Global Equity Fund SF034

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Income Allocation

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

m) Issue and Redemption of Units

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

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

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

n) Transaction Costs

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

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

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

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

Global Equity Fund SF034

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

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

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

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

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

4. CAPITAL MANAGEMENT

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

5. INCOME TAXES

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

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

Global Equity Fund SF034

Notes to the Financial Statements

(in Canadian \$ thousands)

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

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

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

7. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative contracts, including forward currency, futures and equity swap contracts, are valued at the gain or loss that would arise as a result of closing the position at the reporting date. Options are recorded at fair value as at the reporting date. The Fund may use derivative contracts to hedge against losses caused by changes in securities prices, interest rates, exchange rates and/or other risks. The Fund may also use derivative contracts for non-hedging purposes in order to invest indirectly in financial markets or to gain exposure to other currencies, provided the use of such derivatives is consistent with the Fund's investment objectives and strategies. Foreign currency risk and exposure may be direct or indirect and can include all or a portion of the currency exposure of an existing investment or group of investments. Any such gain or loss on derivative contracts is recorded as part of net gain (loss) on investments.

As at the reporting date, the unrealized gain (loss) on derivative contracts is reflected on the Statement of Financial Position of the Fund.

The Fund manages derivative credit risk through collateral arrangements where required. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented by the Fund regarding the acceptability of types of collateral and the valuation parameters. The Fund Manager monitors the value of the collateral and requests additional collateral when needed.

Global Equity Fund SF034

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

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

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

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

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

Global Equity Fund SF034

Supplemental Information (unaudited)

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

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
Flex	3.10	3.10	3.09	3.09	3.11
Generations/Mosaic	3.10	3.09	3.09	3.09	3.10
Generations I	2.98	2.98	2.99	2.98	2.99
Generations II	3.26	3.26	3.25	3.26	3.27
Generations Core	2.82	2.82	2.82	2.82	2.83
75/75 guarantee policy	2.82	2.82	2.81	2.81	2.82
75/100 guarantee policy	2.99	2.98	2.97	2.98	2.99
100/100 guarantee policy	3.26	3.26	3.25	3.25	3.27
PS1 75/75 guarantee policy	2.36	2.36	2.35	2.36	2.36
PS1 75/100 guarantee policy	2.69	2.69	2.68	2.69	2.69
PS1 100/100 guarantee policy	3.08	3.06	3.06	3.08	3.09
PS 75/75 guarantee policy	1.72	1.71	1.71	1.70	1.72
PS 75/100 guarantee policy	1.88	1.88	1.87	1.87	1.88
PPS 75/75 guarantee policy	1.26	1.25	1.26	1.26	—
PPS 75/100 guarantee policy	1.59	1.59	1.59	1.59	1.59
PPS 100/100 guarantee policy	1.98	1.98	2.01	1.98	1.97

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	10.45	20.55	31.19	12.24	19.21

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

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

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
MANAGED FUND (LAKETON) SF035

December 31, 2022

Independent Auditor's Report

To the Contractholders of Managed Fund (Laketon) SF035 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Managed Fund (Laketon) SF035

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 1,535	\$ 1,762
Investment income due and accrued	463	362
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	25	—
Due from outside parties	24	25
Investments		
Bonds	50,692	43,913
Stocks	56,109	88,561
Investment fund units	—	—
Derivatives (note 7)	32	14
Total investments	106,833	132,488
Total assets	\$ 108,880	\$ 134,637
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	32	132
Due to brokers	24	—
Due to outside parties	—	—
Derivatives (note 7)	155	21
Total liabilities excluding net assets attributable to contractholders	211	153
Net assets attributable to contractholders	\$ 108,669	\$ 134,484

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (9,972)	\$ 17,786
Miscellaneous income (loss)	66	12
Total income (loss)	(9,906)	17,798
Expenses		
Management fees (note 8)	2,768	3,195
Transaction costs	59	46
Withholding taxes	70	81
Other	267	301
Total expenses	3,164	3,623
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (13,070)	\$ 14,175

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 134,484	\$ 143,073
Contractholder deposits	1,385	1,493
Contractholder withdrawals	(14,130)	(24,257)
Increase (decrease) in net assets from operations attributable to contractholders	(13,070)	14,175
Change in net assets attributable to contractholders	(25,815)	(8,589)
Net assets attributable to contractholders - end of year	\$ 108,669	\$ 134,484

Managed Fund (Laketon) SF035

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (13,070)	\$ 14,175
Adjustments		
Add back amortization of premium (discount)	(25)	(40)
Realized (gains) losses	(4,397)	(6,585)
Unrealized (gains) losses	17,715	(7,659)
Gross proceeds of disposition of investments	115,016	121,068
Gross payments for the purchase of investments	(102,520)	(103,994)
Change in investment income due and accrued	(101)	60
Change in due from/to The Canada Life Assurance Company	(100)	56
Change in due from/to brokers	(1)	(53)
Change in due from/to outside parties	1	—
	<u>12,518</u>	<u>17,028</u>
Financing Activities		
Contractholder deposits	1,385	1,493
Contractholder withdrawals	(14,130)	(24,257)
	<u>(12,745)</u>	<u>(22,764)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(227)	(5,736)
Cash, short-term deposits and overdrafts, beginning of year	1,762	7,498
Cash, short-term deposits and overdrafts, end of year	\$ 1,535	\$ 1,762
Supplementary cash flow information		
Interest income received	\$ 1,300	\$ 1,263
Dividend income received	1,893	2,296

Managed Fund (Laketon) SF035

Schedule of Investment Portfolio

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

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds			
Federal Government			
Government of Canada 0.25% 03-01-2026	8,000	7	7
Government of Canada 0.25% 12-01-2054 Real Return	177,000	127	149
Government of Canada 0.50% 12-01-2050 Real Return	714,000	805	706
Government of Canada 1.50% 06-01-2031	18,000	16	16
Government of Canada 2.00% 06-01-2032	2,959,000	2,729	2,649
Muskat Falls/Labrador Transmissions Assets Funding 3.83% 06-01-2037	490,000	500	471
Total Federal Government		4,184	3,998
Provincial Government			
Hydro-Quebec 4.00% 02-15-2055	201,000	285	192
Ontario Power Generation Inc. 2.977% 09-13-2029	320,000	286	289
Ontario Power Generation Inc. 3.215% 04-08-2030	176,000	177	160
Ontario Power Generation Inc. 4.922% 07-19-2032	17,000	17	17
Province of Alberta 2.95% 06-01-2052	470,000	398	368
Province of Alberta 3.05% 12-01-2048	175,000	181	141
Province of Alberta 3.10% 06-01-2050	1,735,000	1,674	1,406
Province of British Columbia 1.55% 06-18-2031	585,000	554	483
Province of British Columbia 2.95% 06-18-2050	214,000	226	169
Province of Manitoba 2.05% 09-05-2052	40,000	33	25
Province of Manitoba 2.85% 09-05-2046	461,000	442	354
Province of Manitoba 3.80% 09-05-2053	140,000	131	127
Province of Nova Scotia 3.15% 12-01-2051	276,000	328	222
Province of Ontario 1.55% 11-01-2029	250,000	249	215
Province of Ontario 3.45% 06-02-2045	90,000	103	79
Province of Ontario 3.75% 06-02-2032	2,254,000	2,218	2,202
Province of Ontario 3.75% 12-02-2053	2,185,000	2,016	2,004
Province of Quebec 2.85% 12-01-2053	212,000	170	162
Province of Quebec 3.25% 09-01-2032	1,203,000	1,131	1,129
Province of Quebec 3.50% 12-01-2048	110,000	127	96
Province of Quebec 3.65% 05-20-2032	71,000	71	69
Province of Quebec 4.25% 12-01-2043	227,000	267	225
Province of Saskatchewan 2.80% 12-02-2052	293,000	295	220
Province of Saskatchewan 3.10% 06-02-2050	640,000	678	517
Total Provincial Government		12,057	10,871

Managed Fund (Laketon) SF035

Schedule of Investment Portfolio

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

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Municipal Government			
City of Ottawa 3.05% 05-10-2039	89,000	89	74
City of Ottawa 3.25% 11-10-2047	52,000	57	42
Total Municipal Government		146	116
Corporate - Non-convertible			
407 International Inc. 1.80% 05-22-2025	38,000	38	36
407 International Inc. 3.14% 03-06-2030	170,000	154	156
407 International Inc. 3.43% 06-01-2033	170,000	151	152
407 International Inc. 3.67% 03-08-2049	74,000	65	61
407 International Inc. 4.22% 02-14-2028	54,000	54	53
Aeroports de Montreal 3.36% 04-24-2047	27,000	22	21
Aeroports de Montreal 6.55% 10-11-2033	34,000	40	39
AIMCo Realty Investors LP 2.195% 11-04-2026	33,000	33	30
AIMCo Realty Investors LP 2.712% 06-01-2029	169,000	168	149
Algonquin Power & Utilities Corp. 4.09% 02-17-2027	67,000	66	64
Algonquin Power & Utilities Corp. 5.25% 01-18-2082	40,000	40	31
Algonquin Power Co. 2.85% 07-15-2031	59,000	59	48
AltaGas Ltd. 2.166% 03-16-2027	72,000	72	64
AltaGas Ltd. 5.25% 01-11-2082	25,000	25	20
AltaGas Ltd. 7.35% 08-17-2082	8,000	8	8
AltaLink LP 1.509% 09-11-2030	90,000	71	72
AltaLink LP 3.668% 11-06-2023	210,000	230	207
AltaLink LP 4.692% 11-28-2032	22,000	22	22
ARC Resources Ltd. 2.354% 03-10-2026	48,000	48	44
ARC Resources Ltd. 3.465% 03-10-2031	49,000	49	42
Athabasca Indigenous Midstream LP 6.069% 02-05-2042	9,000	9	9
Athene Global Funding 3.127% 03-10-2025	30,000	30	28
Bank of Montreal 1.551% 05-28-2026	185,000	171	166
Bank of Montreal 1.758% 03-10-2026	170,000	160	154
Bank of Montreal 2.077% 06-17-2030	62,000	61	57
Bank of Montreal 2.70% 09-11-2024	150,000	146	145
Bank of Montreal 3.19% 03-01-2028	156,000	149	146
Bank of Montreal 3.65% 04-01-2027	27,000	27	26
Bank of Montreal 4.30% 11-26-2025	138,000	132	127
Bank of Montreal 4.309% 06-01-2027	166,000	164	162
Bank of Montreal 4.709% 12-07-2027	127,000	127	125

Managed Fund (Laketon) SF035

Schedule of Investment Portfolio

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

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Bank of Montreal 6.534% 10-27-2032	150,000	153	156
Bank of Montreal 7.325% 11-26-2082	129,000	129	129
BCI QuadReal Realty 1.056% 03-12-2024	26,000	26	25
BCI QuadReal Realty 1.073% 02-04-2026	39,000	39	35
BCI QuadReal Realty 1.747% 07-24-2030	24,000	20	19
BCI QuadReal Realty 2.551% 06-24-2026	26,000	24	24
BCIMC Realty Corp. 2.84% 06-03-2025	136,000	142	130
Bell Canada Inc. 2.20% 05-29-2028	44,000	44	38
Bell Canada Inc. 3.00% 03-17-2031	33,000	30	28
Bell Canada Inc. 4.45% 02-27-2047	6,000	7	5
Bell Canada Inc. 5.85% 11-10-2032	25,000	25	26
BMW Canada Inc. 0.99% 01-14-2025	23,000	23	21
Brookfield Infrastructure Finance ULC 3.41% 10-09-2029	272,000	255	243
Brookfield Infrastructure Finance ULC 4.193% 09-11-2028	111,000	108	106
Brookfield Infrastructure Finance ULC 5.616% 11-14-2027	68,000	68	69
Brookfield Infrastructure Partners 3.315% 02-22-2024	79,000	80	77
Brookfield Property Finance ULC 3.93% 01-15-2027	255,000	255	231
Brookfield Property Finance ULC 4.30% 03-01-2024	356,000	360	347
Brookfield Property Finance ULC 4.346% 07-03-2023	118,000	123	117
Brookfield Renewable Energy Partners LP 3.63% 01-15-2027	393,000	380	372
Brookfield Residential Properties Inc./Brookfield Residential US Corp. 5.125% 06-15-2029	13,000	13	11
Bruce Power LP 4.00% 06-21-2030	47,000	52	44
Calgary Airport Authority 3.454% 10-07-2041	43,000	36	35
Calgary Airport Authority 3.554% 10-07-2051	22,000	19	18
Calgary Airport Authority 3.554% 10-07-2053	50,000	40	39
Canadian Core Real Estate 3.299% 03-02-2027	33,000	33	30
Canadian Imperial Bank of Commerce 1.10% 01-19-2026	240,000	240	214
Canadian Imperial Bank of Commerce 1.96% 04-21-2031	267,000	253	237
Canadian Imperial Bank of Commerce 2.00% 04-17-2025	80,000	81	75
Canadian Imperial Bank of Commerce 2.75% 03-07-2025	216,000	209	206
Canadian Imperial Bank of Commerce 4.00% 01-28-2082	38,000	38	30
Canadian Imperial Bank of Commerce 4.20% 04-07-2032	29,000	29	27
Canadian Imperial Bank of Commerce 4.375% 10-28-2025	16,000	16	15
Canadian Imperial Bank of Commerce 4.95% 06-29-2027	130,000	130	130
Canadian Imperial Bank of Commerce 5.05% 10-07-2027	133,000	132	133
Canadian Imperial Bank of Commerce 7.15% 07-28-2082	30,000	30	29

Managed Fund (Laketon) SF035

Schedule of Investment Portfolio

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

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Canadian National Railway Co. 3.00% 02-08-2029	49,000	49	45
Canadian Natural Resources Ltd. 2.50% 01-17-2028	83,000	83	75
Canadian Natural Resources Ltd. 3.42% 12-01-2026	122,000	123	116
Canadian Pacific Railway Ltd. 2.54% 02-28-2028	85,000	85	76
Canadian Utilities Ltd. 4.851% 06-03-2052	39,000	39	38
Canadian Western Bank 1.57% 09-14-2023	17,000	17	17
Canadian Western Bank 1.926% 04-16-2026	52,000	52	47
Canadian Western Bank 2.597% 09-06-2024	80,000	76	76
Canadian Western Bank 2.606% 01-30-2025	21,000	22	20
Canadian Western Bank 3.859% 04-21-2025	50,000	50	48
Canadian Western Bank 5.00% 07-31-2081	18,000	18	14
Canadian Western Bank 5.146% 09-02-2027	214,000	214	213
Canadian Western Bank 5.937% 12-22-2032	20,000	20	20
Canadian Western Bank 6.00% 04-30-2081	23,000	23	20
Capital Power Corp. 4.284% 09-18-2024	54,000	60	53
Capital Power Corp. 4.424% 02-08-2030	60,000	56	57
Capital Power Corp. 4.986% 01-23-2026	63,000	63	62
Capital Power Corp. 7.95% 09-09-2082	21,000	21	21
Cascades Inc./Cascades USA Inc. 5.125% 01-15-2025	54,000	54	52
CCL Industries Inc. 3.864% 04-13-2028	63,000	59	59
CDP Financial Inc. 1.50% 10-19-2026	90,000	90	82
Genovus Energy Inc. 3.50% 02-07-2028	277,000	276	262
Central 1 Credit Union 2.584% 12-06-2023	185,000	185	180
CGI Inc. 2.10% 09-18-2028	23,000	23	20
Choice Properties REIT 2.456% 11-30-2026	19,000	19	17
Choice Properties REIT 2.848% 05-21-2027	55,000	56	50
Choice Properties REIT 3.532% 06-11-2029	257,000	230	231
Choice Properties REIT 6.003% 06-24-2032	34,000	34	35
Coast Capital Savings Federal Credit Union 5.00% 05-03-2028	112,000	117	112
Cogeco Communications Inc. 2.991% 09-22-2031	27,000	27	22
Cologix Data Centers Issuer LLC 4.94% 01-25-2052	5,000	5	5
Cologix Data Centers Issuer LLC 5.68% 01-25-2052	4,000	4	4
Corus Entertainment Inc. 5.00% 05-11-2028	14,000	14	11
CPPIB Capital Inc. 1.95% 09-30-2029	270,000	237	238
CPPIB Capital Inc. 2.25% 12-01-2031	46,000	46	40
Crombie REIT 3.133% 08-12-2031	11,000	11	9
Crombie REIT 3.677% 08-26-2026	40,000	40	38

Managed Fund (Laketon) SF035

Schedule of Investment Portfolio

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As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
CT REIT 2.371% 01-06-2031	53,000	53	42
CU Inc. 2.963% 09-07-2049	15,000	12	11
CU Inc. 3.548% 11-22-2047	1,000	1	1
CU Inc. 3.95% 11-23-2048	1,000	1	1
CU Inc. 4.085% 09-02-2044	85,000	83	75
CU Inc. 4.773% 09-14-2052	46,000	46	45
Curaleaf Holdings Inc. 8.00% 12-15-2026	40,000	51	45
Dollarama Inc. 5.084% 10-27-2025	65,000	65	65
Dream Industrial REIT 1.662% 12-22-2025	74,000	69	66
Dream Industrial REIT 2.057% 06-17-2027	60,000	60	52
Dream Industrial REIT 2.539% 12-07-2026	25,000	25	22
Dream Industrial REIT 3.968% 04-13-2026	11,000	11	10
Enbridge Gas Inc. 2.37% 08-09-2029	90,000	78	79
Enbridge Gas Inc. 3.20% 09-15-2051	133,000	108	97
Enbridge Gas Inc. 3.65% 04-01-2050	10,000	11	8
Enbridge Gas Inc. 4.55% 08-17-2052	36,000	36	33
Enbridge Inc. 3.10% 09-21-2033	442,000	437	358
Enbridge Inc. 5.375% 09-27-2077	425,000	416	388
Enbridge Inc. 6.625% 04-12-2078	60,000	69	58
Enbridge Pipelines Inc. 3.79% 08-17-2023	120,000	128	119
Enbridge Pipelines Inc. 4.33% 02-22-2049	30,000	31	24
Energir Inc. 2.10% 04-16-2027	50,000	45	46
Energir LP 4.67% 09-27-2032	35,000	35	35
EPCOR Utilities Inc. 3.554% 11-27-2047	138,000	114	111
EPCOR Utilities Inc. 4.725% 09-02-2052	48,000	48	47
Equitable Bank 1.876% 11-26-2025	5,000	4	4
Equitable Bank 3.362% 03-02-2026	27,000	27	25
Fairfax Financial Holdings Ltd. 3.95% 03-03-2031	253,000	234	222
Federation des Caisses Desjardins du Quebec 1.587% 09-10-2026	57,000	53	51
Federation des Caisses Desjardins du Quebec 2.856% 05-26-2030	180,000	170	169
Federation des Caisses Desjardins du Quebec 4.407% 05-19-2027	43,000	43	42
Federation des Caisses Desjardins du Quebec 5.035% 08-23-2032	100,000	100	97
Federation des Caisses Desjardins du Quebec 5.20% 10-01-2025	76,000	76	76
First National Financial Corp. 2.961% 11-17-2025	27,000	27	25
Ford Credit Canada Co. 2.961% 09-16-2026	18,000	18	16
Ford Credit Canada Co. 6.777% 09-15-2025	80,000	80	81
Fortified Trust 1.964% 10-23-2026	75,000	75	67

Managed Fund (Laketon) SF035

Schedule of Investment Portfolio

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

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Fortified Trust 2.34% 01-23-2023	300,000	299	300
Fortified Trust 3.76% 06-23-2025	38,000	38	37
Fortis Inc. 4.431% 05-31-2029	44,000	44	43
Gibson Energy Inc. 3.60% 09-17-2029	138,000	132	124
Gibson Energy Inc. 5.25% 12-22-2030	73,000	73	62
Government of Canada 2.75% 08-01-2024	2,459,000	2,431	2,405
Granite REIT Holdings LP 2.194% 08-30-2028	59,000	58	50
Granite REIT Holdings LP 3.062% 06-04-2027	21,000	21	19
Greater Toronto Airports Authority 2.75% 10-17-2039	194,000	193	147
Greater Toronto Airports Authority 5.63% 06-07-2040	175,000	225	190
Greater Toronto Airports Authority 7.05% 06-12-2030	43,000	49	49
Greater Toronto Airports Authority 7.10% 06-04-2031	43,000	50	50
H&R REIT 2.633% 02-19-2027	47,000	47	42
H&R REIT 2.906% 06-02-2026	52,000	53	47
H&R REIT 4.071% 06-16-2025	46,000	50	44
Home Trust Co. 5.317% 06-13-2024	36,000	36	35
Honda Canada Finance Inc. 1.646% 02-25-2028	60,000	60	51
HSBC Bank Canada 3.403% 03-24-2025	66,000	66	64
Hydro One Inc. 2.23% 09-17-2031	35,000	35	29
Hydro One Inc. 4.59% 10-09-2043	33,000	32	32
Hydro One Inc. 4.89% 03-13-2037	78,000	76	78
Hydro One Inc. 4.91% 01-27-2028	67,000	67	68
Hydro One Inc. 6.93% 06-01-2032	56,000	65	64
Hydro One Inc. 7.35% 06-03-2030	86,000	99	99
Hydro One Ltd. 1.41% 10-15-2027	148,000	136	129
iA Financial Corp. Inc. 2.40% 02-21-2025	29,000	29	27
Intact Financial Corp. 4.125% 03-31-2081	12,000	12	10
Intact Financial Corp. 5.459% 09-22-2032	24,000	32	32
Inter Pipeline Ltd. 3.484% 12-16-2026	254,000	246	237
Inter Pipeline Ltd. 3.983% 11-25-2031	130,000	130	113
Inter Pipeline Ltd. 4.232% 06-01-2027	95,000	98	91
Inter Pipeline Ltd. 5.76% 02-17-2028	31,000	31	31
Inter Pipeline Ltd. 5.849% 05-18-2032	20,000	20	20
Inter Pipeline Ltd. 6.875% 03-26-2079	42,000	42	40
John Deere Financial Inc. 1.63% 04-09-2026	14,000	14	13
Keyera Corp. 3.959% 05-29-2030	130,000	126	118
Keyera Corp. 5.95% 03-10-2081	40,000	40	35

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As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Kruger Packaging Holdings LP 6.00% 06-01-2026	54,000	54	52
Kruger Products LP 5.375% 04-09-2029	7,000	7	6
Laurentian Bank of Canada 1.15% 06-03-2024	42,000	42	39
Laurentian Bank of Canada 1.603% 05-06-2026	12,000	12	11
Laurentian Bank of Canada 4.60% 09-02-2025	45,000	45	44
Laurentian Bank of Canada 5.095% 06-15-2032	89,000	89	84
Loblaw Companies Ltd. 2.284% 05-07-2030	138,000	114	116
Loblaw Companies Ltd. 5.008% 09-13-2032	42,000	42	42
Loblaw Companies Ltd. 5.336% 09-13-2052	32,000	32	32
Lower Mattagami Energy LP 2.433% 05-14-2031	40,000	40	34
Lower Mattagami Energy LP 4.854% 10-31-2033	27,000	27	27
Manulife Bank of Canada 1.536% 09-14-2026	53,000	53	47
Manulife Bank of Canada 2.864% 02-16-2027	57,000	57	53
Manulife Financial Corp. 3.049% 08-20-2029	381,000	390	366
Manulife Financial Corp. 7.117% 06-19-2082	40,000	40	39
MCAP Commercial LP 3.743% 08-25-2025	50,000	50	47
National Bank of Canada 1.534% 06-15-2026	50,000	47	45
National Bank of Canada 2.58% 02-03-2025	305,000	310	290
National Bank of Canada 2.983% 03-04-2024	225,000	240	219
National Bank of Canada 4.05% 08-15-2081	47,000	47	36
National Bank of Canada 4.30% 11-15-2025	113,000	113	102
National Bank of Canada 5.296% 11-03-2025	51,000	51	51
National Bank of Canada 5.426% 08-16-2032	100,000	100	99
NAV CANADA 2.063% 05-29-2030	40,000	34	34
North West Redwater Partnership 2.80% 06-01-2027	57,000	59	53
North West Redwater Partnership 3.20% 04-24-2026	158,000	165	150
North West Redwater Partnership 3.70% 02-23-2043	30,000	30	24
North West Redwater Partnership/NWR Financing Co. Ltd. 2.80% 06-01-2031	178,000	164	152
OMERS Finance Trust 2.60% 05-14-2029	318,000	304	291
OMERS Realty Corp. 3.628% 06-05-2030	13,000	13	12
Ontario Teachers' Finance Trust 4.45% 06-02-2032	49,000	49	50
Parkland Corp. of Canada 3.875% 06-16-2026	113,000	113	104
Parkland Corp. of Canada 4.375% 03-26-2029	229,000	229	197
Parkland Corp. of Canada 6.00% 06-23-2028	96,000	96	92
Pembina Pipeline Corp. 2.56% 06-01-2023	115,000	115	114
Pembina Pipeline Corp. 2.99% 01-22-2024	165,000	172	161

Managed Fund (Laketon) SF035

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As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Pembina Pipeline Corp. 4.02% 03-27-2028	65,000	69	62
Pembina Pipeline Corp. 4.74% 01-21-2047	10,000	11	8
Pembina Pipeline Corp. 4.75% 03-26-2048	19,000	20	16
Pembina Pipeline Corp. 4.80% 01-25-2031	60,000	60	49
Pembina Pipeline Corp. 4.81% 03-25-2044	145,000	131	125
Prime Structured Mortgage Trust 1.856% 11-15-2024	39,000	39	37
Province of Quebec 4.40% 12-01-2055	1,159,000	1,217	1,200
PSP Capital Inc. 2.05% 01-15-2030	16,000	16	14
PSP Capital Inc. 2.60% 03-01-2032	110,000	110	98
Reliance LP 2.67% 08-01-2028	42,000	42	36
Reliance LP 2.68% 12-01-2027	73,000	73	64
Reliance LP 3.75% 03-15-2026	43,000	43	41
RioCan REIT 2.361% 03-10-2027	50,000	50	44
RioCan REIT 2.576% 02-12-2025	121,000	121	114
RioCan REIT 2.829% 11-08-2028	77,000	69	66
RioCan REIT 4.628% 05-01-2029	11,000	11	10
Rogers Communications Inc. 3.75% 04-15-2029	203,000	195	188
Rogers Communications Inc. 5.00% 12-17-2081	82,000	82	74
Rogers Communications Inc. 5.25% 03-15-2082	19,000	24	23
Royal Bank of Canada 2.088% 06-30-2030	30,000	30	28
Royal Bank of Canada 2.14% 11-03-2031	55,000	55	48
Royal Bank of Canada 2.328% 01-28-2027	86,000	77	78
Royal Bank of Canada 2.88% 12-23-2029	555,000	565	526
Royal Bank of Canada 3.369% 09-29-2025	99,000	96	95
Royal Bank of Canada 4.50% 11-24-2080	15,000	15	14
Royal Bank of Canada 4.612% 07-26-2027	202,000	200	199
Royal Bank of Canada 5.235% 11-02-2026	84,000	84	85
Russel Metals Inc. 5.75% 10-27-2025	98,000	98	97
Sagen MI Canada Inc. 3.261% 03-05-2031	91,000	90	75
Sagen MI Canada Inc. 4.95% 03-24-2081	27,000	27	22
Shaw Communications Inc. 2.90% 12-09-2030	60,000	50	50
Shaw Communications Inc. 6.75% 11-09-2039	32,000	37	34
Sienna Senior Living Inc. 2.82% 03-31-2027	14,000	14	12
SmartCentres REIT 3.192% 06-11-2027	79,000	72	72
Summit Industrial Income REIT 1.82% 04-01-2026	21,000	21	19
Summit Industrial Income REIT 2.25% 01-12-2027	64,000	64	57
Summit Industrial Income REIT 2.44% 07-14-2028	32,000	32	27

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	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Sun Life Financial Inc. 2.06% 10-01-2035	111,000	111	87
Sun Life Financial Inc. 2.38% 08-13-2029	425,000	416	404
Sun Life Financial Inc. 2.58% 05-10-2032	180,000	186	161
Sun Life Financial Inc. 2.80% 11-21-2033	74,000	74	65
Sun Life Financial Inc. 4.78% 08-10-2034	71,000	71	69
Suncor Energy Inc. 3.95% 03-04-2051	123,000	121	92
Superior Plus LP 4.25% 05-18-2028	260,000	259	227
Tamarack Valley Energy Ltd. 7.25% 05-10-2027	10,000	9	9
TELUS Corp. 2.05% 10-07-2030	148,000	143	119
TELUS Corp. 2.35% 01-27-2028	60,000	60	53
TELUS Corp. 3.15% 02-19-2030	22,000	23	19
TELUS Corp. 3.30% 05-02-2029	112,000	114	102
TELUS Corp. 5.25% 11-15-2032	37,000	37	37
Teranet Holdings LP 3.544% 06-11-2025	102,000	102	97
Teranet Holdings LP 3.719% 02-23-2029	76,000	76	69
The Bank of Nova Scotia 1.95% 01-10-2025	138,000	133	130
The Bank of Nova Scotia 2.95% 03-08-2027	237,000	222	219
The Bank of Nova Scotia 3.934% 05-03-2032	37,000	37	35
The Bank of Nova Scotia 5.50% 05-08-2026	102,000	102	104
The Bank of Nova Scotia 7.023% 07-27-2082	204,000	202	199
The Empire Life Insurance Co. 3.625% 04-17-2026	20,000	20	16
The Independent Order of Foresters 2.885% 10-15-2035	100,000	100	82
The Toronto-Dominion Bank 1.888% 03-08-2028	165,000	165	142
The Toronto-Dominion Bank 1.943% 03-13-2025	291,000	297	273
The Toronto-Dominion Bank 2.26% 01-07-2027	67,000	64	60
The Toronto-Dominion Bank 2.667% 09-09-2025	182,000	173	171
The Toronto-Dominion Bank 3.06% 01-26-2032	217,000	214	197
The Toronto-Dominion Bank 3.105% 04-22-2030	106,000	103	100
The Toronto-Dominion Bank 4.21% 06-01-2027	63,000	63	61
The Toronto-Dominion Bank 4.68% 01-08-2029	60,000	60	59
The Toronto-Dominion Bank 5.376% 10-21-2027	52,000	52	53
The Toronto-Dominion Bank 7.283% 10-31-2082	82,000	82	82
Thomson Reuters Corp. 2.239% 05-14-2025	119,000	123	112
TMX Group Ltd. 2.016% 02-12-2031	24,000	24	19
TMX Group Ltd. 2.997% 12-11-2024	210,000	204	202
Toronto Hydro Corp. 2.47% 10-20-2031	28,000	28	24
Toronto-Dominion Bank 4.34% 01-27-2026	282,000	278	277

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	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Tourmaline Oil Corp. 2.077% 01-25-2028	19,000	19	17
Tourmaline Oil Corp. 2.529% 02-12-2029	70,000	63	61
Toyota Credit Canada Inc. 1.18% 02-23-2026	40,000	40	36
TransCanada PipeLines Ltd. 3.80% 04-05-2027	72,000	81	69
TransCanada PipeLines Ltd. 4.18% 07-03-2048	12,000	12	9
TransCanada PipeLines Ltd. 5.33% 05-12-2032	26,000	26	26
TransCanada PipeLines Ltd. Floating Rate 05-18-2077	231,000	227	207
TransCanada Trust 4.20% 03-04-2081	101,000	101	81
Transcontinental Inc. 2.667% 02-03-2025	15,000	14	14
Ventas Canada Finance Ltd. 2.80% 04-12-2024	71,000	73	68
Videotron Ltd. 4.50% 01-15-2030	278,000	278	242
Videotron Ltd./Videotron Ltee 3.625% 06-15-2028	57,000	57	49
Waste Management of Canada Corp. 2.60% 09-23-2026	139,000	139	128
WSP Global Inc. 2.408% 04-19-2028	78,000	79	69
Total Corporate - Non-convertible		30,338	28,583
Corporate - Convertible			
Columbia Care Inc. 6.00% 06-29-2025 Conv.	5,000	6	7
Total Corporate - Convertible		6	7
Mortgage Backed			
Scotia Capital Inc. 0.55% 01-01-2026	480,000	396	364
Scotia Capital Inc. 0.89% 09-01-2026	129,000	115	108
Scotia Capital Inc. 1.25% 03-01-2025	139,000	96	90
Total Mortgage Backed		607	562
Total Canadian Bonds		47,338	44,137
United States Bonds			
Federal Government			
United States Treasury 2.75% 08-15-2032	462,000	576	569
United States Treasury Inflation Index 0.125% 02-15-2052 Real Return	327,000	410	306
Total Federal Government		986	875

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United States Bonds (continued)			
Corporate - Non-convertible			
Alexandria Real Estate Equities Inc. 2.00% 05-18-2032	92,000	96	96
Amazon.com Inc. 3.95% 04-13-2052	172,000	202	196
Amazon.com Inc. 4.70% 12-01-2032	79,000	107	106
Ashton Woods USA LLC/Ashton Woods Finance Co. 4.625% 04-01-2030	5,000	6	5
AT&T Inc. 4.85% 05-25-2047	20,000	18	17
AT&T Inc. 5.10% 11-25-2048	44,000	45	40
AT&T Inc. Floating Rate 03-25-2024	25,000	31	34
Athene Global Funding 2.10% 09-24-2025	90,000	82	82
Athene Global Funding 2.47% 06-09-2028	40,000	36	34
Athene Global Funding Floating Rate 04-09-2024	99,000	99	98
Bank of America Corp. 1.978% 09-15-2027	170,000	156	151
Bank of America Corp. 2.598% 04-04-2029	45,000	45	40
Bank of America Corp. 3.615% 03-16-2028	37,000	37	35
Charter Communications Operating LLC 4.50% 02-01-2024	279,000	357	373
Charter Communications Operating LLC/Charter Communications Operating Capital Corp. 2.30% 02-01-2032	160,000	155	160
Charter Communications Operating LLC/Charter Communications Operating Capital Corp. 3.50% 06-01-2041	20,000	25	18
DIRECTV Holdings LLC/DIRECTV Financing Co. 5.875% 08-15-2027	8,000	10	10
Exxon Mobil Corp. 2.61% 10-15-2030	160,000	183	189
Ford Motor Co. 3.25% 02-12-2032	137,000	169	140
JPMorgan Chase & Co. 1.896% 03-05-2028	231,000	215	204
Mastercard Inc. 1.90% 03-15-2031	100,000	112	110
Mav Acquisition Corp. 5.75% 08-01-2028	15,000	19	17
McDonald's Corp. 3.125% 03-04-2025	125,000	126	121
Minerva Merger Sub Inc. 6.50% 02-15-2030	10,000	13	10
Nestle Holdings Inc. 2.192% 01-26-2029	89,000	82	78
NextEra Energy Capital Holdings Inc. 1.90% 06-15-2028	27,000	32	31
NextEra Energy Capital Holdings Inc. 2.25% 06-01-2030	199,000	213	222
PayPal Holdings Inc. 2.40% 10-01-2024	199,000	247	258
R.R. Donnelley & Sons Co. 6.125% 11-01-2026	10,000	13	13
Target Corp. 2.25% 04-15-2025	120,000	147	154
Terex Corp. 5.00% 05-15-2029	10,000	13	12
The Estee Lauder Companies Inc. 1.95% 03-15-2031	195,000	215	214
The Goldman Sachs Group Inc. 2.013% 02-28-2028	77,000	70	66
The Goldman Sachs Group Inc. 2.599% 11-30-2027	74,000	74	67
The Walt Disney Co. 3.057% 03-30-2027	233,000	247	217

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	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Bonds (continued)			
Corporate - Non-convertible (continued)			
T-Mobile USA Inc. 2.25% 11-15-2031	120,000	124	128
T-Mobile USA Inc. 3.75% 04-15-2027	160,000	196	204
T-Mobile USA Inc. 5.20% 01-15-2023	68,000	89	91
Univision Communications Inc. 4.50% 05-01-2029	10,000	12	11
Verizon Communications Inc. 2.375% 03-22-2028	109,000	109	97
Verizon Communications Inc. 3.55% 03-22-2051	9,000	11	9
Verizon Communications Inc. Floating Rate 03-20-2026	26,000	33	34
Wells Fargo & Co. 2.975% 05-19-2026	30,000	32	28
Wells Fargo & Co. 3.90% 03-15-2026	22,000	28	26
Total Corporate - Non-convertible		4,331	4,246
Total United States Bonds		5,317	5,121
Global Bonds			
Australia			
Sydney Airport Finance Co. Pty Ltd. 3.625% 04-28-2026 144A	199,000	243	253
Transurban Finance Co. Pty Ltd. 4.555% 11-14-2028	177,000	175	171
Austria			
Suzano Austria GmbH 2.50% 09-15-2028	107,000	120	122
Cyprus			
Tencent Holdings Ltd. 2.39% 06-03-2030	80,000	86	88
Japan			
Toyota Motor Corp. 1.339% 03-25-2026	24,000	30	29
Jersey			
Heathrow Funding Ltd. 2.694% 10-13-2027	32,000	32	29
Heathrow Funding Ltd. 3.40% 03-08-2028	88,000	88	81
Heathrow Funding Ltd. 3.726% 04-13-2033	46,000	47	39
Heathrow Funding Ltd. 3.782% 09-04-2030	25,000	25	22
Luxembourg			
Aroundtown SA 4.625% 09-18-2025	162,000	161	151

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Global Bonds (continued)			
Netherlands			
NXP BV/NXP Funding LLC/NXP USA Inc. 2.65% 02-15-2032	14,000	18	15
United Kingdom			
Anglian Water Services Financing PLC 4.525% 08-26-2032	37,000	37	35
BP Capital Markets PLC 3.47% 05-15-2025	140,000	137	136
Lloyds Banking Group PLC 3.50% 02-03-2025	219,000	219	208
National Grid Electricity Transmission PLC 2.301% 06-22-2029	65,000	65	55
Total Global Bonds		1,483	1,434
Total Bonds		54,138	50,692
Canadian Common Stock			
Communication Services			
Cogeco Communications Inc. sub. voting	4,616	453	354
Rogers Communications Inc. Class B non-voting	1,819	105	115
TELUS Corp.	30,849	837	806
TELUS International Inc.	9,221	337	246
Consumer Discretionary			
Dollarama Inc.	1,520	81	120
Magna International Inc.	5,212	415	396
Restaurant Brands International Inc.	4,576	297	401
Consumer Staples			
Alimentation Couche-Tard Inc.	5,636	201	335
Loblaw Companies Ltd.	1,102	64	132
Energy			
ARC Resources Ltd.	24,849	524	453
Canadian Natural Resources Ltd.	11,399	671	857
Enbridge Inc.	15,322	704	811
Pembina Pipeline Corp.	9,945	517	457
Suncor Energy Inc.	19,814	924	851
TC Energy Corp.	15,352	893	829

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	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock (continued)			
Exchange Traded Funds			
BMO High Yield US Corporate Bond Hedged to CAD Index ETF	22,421	296	241
iShares S&P/TSX 60 Index Fund ETF	8,420	249	249
iShares S&P/TSX Global Gold Index ETF	16,134	291	280
Mackenzie Canadian Aggregate Bond Index ETF *	9,000	810	808
Mackenzie Emerging Markets Local Currency Bond Index ETF *	18,543	1,608	1,452
Financials			
Bank of Montreal	11,987	1,315	1,471
Brookfield Asset Management Inc. Class A	3,941	101	153
Brookfield Corp.	15,679	455	668
Intact Financial Corp.	5,162	702	1,006
Manulife Financial Corp.	38,598	796	932
Royal Bank of Canada	19,741	1,748	2,514
Sun Life Financial Inc.	21,183	1,291	1,331
The Bank of Nova Scotia	10,055	645	667
The Toronto-Dominion Bank	17,902	1,068	1,570
Thomson Reuters Corp.	2,236	280	345
Industrials			
CAE Inc.	16,974	588	445
Canadian National Railway Co.	5,752	623	925
Canadian Pacific Railway Ltd.	10,792	662	1,089
Cargojet Inc.	1,441	218	168
Finning International Inc.	6,080	196	205
Information Technology			
CGI Group Inc. Class A sub. voting	4,581	375	535
Open Text Corp.	18,914	910	759
Materials			
Agnico Eagle Mines Ltd.	7,904	719	556
Barrick Gold Corp.	18,357	472	426
CCL Industries Inc. Class B non-voting	9,003	536	521
Nutrien Ltd.	6,934	504	685
Teck Resources Ltd. Class B	3,031	93	155

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	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock (continued)			
Real Estate			
Canadian Apartment Properties REIT	3,850	166	164
Choice Properties REIT	12,171	172	180
First Capital REIT	7,715	117	130
Utilities			
Borex Inc. Class A	2,769	122	111
Brookfield Renewable Corp.	698	33	26
Emera Inc.	4,315	250	223
Fortis Inc.	2,554	132	138
Northland Power Inc.	6,698	225	248
Total Canadian Common Stock		25,791	28,539
Canadian Preferred Stock			
Communication Services			
BCE Inc. 2.75% Preferred	137	2	2
BCE Inc. 3.61% Preferred	773	12	14
BCE Inc. 4.13% Preferred	38	1	1
Consumer Staples			
Loblaw Companies Ltd. 5.30% Preferred	165	4	4
Energy			
TransAlta Corp. 4.027% Preferred	130	2	2
Financials			
Brookfield Corp. 4.80% Preferred Conv.	428	11	10
Utilities			
Emera Inc. 4.25% Preferred	36	1	1
Emera Inc. 4.60% Preferred	380	10	7
TransAlta Corp. 2.709% Preferred	447	6	6
Total Canadian Preferred Stock		49	47

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	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock			
Communication Services			
Alphabet Inc. Class A	5,753	788	687
The Walt Disney Co.	1,057	136	124
Consumer Discretionary			
Amazon.com Inc.	3,929	566	447
McDonald's Corp.	915	278	326
Nike Inc. Class B	1,295	193	205
Starbucks Corp.	2,848	327	382
Consumer Staples			
Altria Group Inc.	4,889	299	303
Colgate Palmolive Co.	1,724	175	184
PepsiCo Inc.	1,538	318	376
Philip Morris International Inc.	4,920	628	674
Walmart Inc.	1,156	231	222
Energy			
Chevron Corp.	3,502	783	851
Schlumberger Ltd.	7,956	477	576
The Williams Companies Inc.	4,752	218	212
Financials			
CME Group Inc.	1,581	395	360
JPMorgan Chase & Co.	4,007	624	727
Moody's Corp.	391	150	147
S&P Global Inc.	867	365	393
The Blackstone Group Inc.	1,222	171	123
The Charles Schwab Corp.	2,985	240	336
US Bancorp	5,951	373	351
Health Care			
AbbVie Inc.	2,581	473	565
Becton, Dickinson and Co.	1,923	612	662
Johnson & Johnson Inc.	3,138	695	750
McKesson Corp.	361	187	183
UnitedHealth Group Inc.	529	373	380

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	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock (continued)			
Industrials			
Equifax Inc.	701	168	184
Honeywell International Inc.	1,810	434	525
Northrop Grumman Corp.	508	347	375
Union Pacific Corp.	1,330	361	373
Information Technology			
Apple Inc.	2,917	519	513
Broadcom Inc.	880	615	666
Lam Research Corp.	384	237	218
Microsoft Corp.	3,200	1,002	1,039
Motorola Solutions Inc.	1,330	356	464
Texas Instruments Inc.	1,617	327	362
Visa Inc. Class A	1,854	476	521
Materials			
Corteva Inc.	6,555	500	522
The Sherwin-Williams Co.	697	228	224
Real Estate			
American Tower Corp. REIT Class A	1,157	378	332
Total United States Common Stock		16,023	16,864
Global Common Stock			
Bermuda			
Brookfield Infrastructure Partners LP Partnership Units	6,972	351	292
Brookfield Reinsurance Ltd.	88	4	4
Brookfield Renewable Energy Partners LP	2,957	141	101
Brookfield Renewable Partners LP 5.00% Preferred	360	9	8
Denmark			
Novo Nordisk AS	3,111	446	569
France			
Air Liquide SA	1,856	353	356
LVMH Moët Hennessy Louis Vuitton SE	288	225	284

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	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock (continued)			
France (continued)			
Pernod Ricard SA *	963	227	256
Safran SA	2,339	297	396
Germany			
Deutsche Boerse AG	2,372	483	555
SAP SE	2,728	336	381
Hong Kong			
AIA Group Ltd.	21,200	275	319
India			
HDFC Bank Ltd. ADR	2,628	189	243
Ireland			
Aon Corp.	1,237	360	503
Linde PLC	640	254	283
Japan			
Hoya Corp.	1,400	176	184
Japan Exchange Group Inc.	12,400	245	243
Keyence Corp.	500	240	265
Shiseido Co. Ltd.	2,700	140	180
Sony Group Corp.	4,500	510	466
Jersey			
Glencore Xstrata PLC	26,269	229	238
Luxembourg			
Eurofins Scientific SE	2,314	261	225
Netherlands			
Heineken Holdings NV	2,915	280	304
Wolters Kluwer NV	3,098	362	439

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	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock (continued)			
Singapore			
DBS Group Holdings Ltd.	8,600	237	295
Spain			
Amadeus IT Group SA	4,372	323	308
Sweden			
Atlas Copco AB Class A	13,449	186	215
Switzerland			
Nestle SA	3,894	553	611
Roche Holding AG Genussscheine	1,251	512	532
Sika AG	532	173	173
Taiwan			
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	4,587	588	463
United Kingdom			
AstraZeneca PLC	1,910	343	351
Diageo PLC	5,968	275	357
Shell PLC	6,839	258	260
Total Global Common Stock		9,841	10,659
Total Stocks		51,704	56,109

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Schedule of Investment Portfolio

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

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Schedule of Derivative Contracts

Forward Currency Contracts

Contract Price	Settlement Date	Purchased Currency		Sold Currency		Unrealized Gain (Loss)	
		Currency	Value as at December 31	Currency	Value as at December 31		
1.3724	February 10, 2023	Canadian Dollar	542	United States Dollar	537	5	
						Derivatives - Assets	5
0.7361	January 13, 2023	United States Dollar	421	Canadian Dollar	423	(2)	
0.7316	January 13, 2023	United States Dollar	406	Canadian Dollar	410	(4)	
1.3158	January 13, 2023	Canadian Dollar	588	United States Dollar	600	(12)	
1.3136	January 13, 2023	Canadian Dollar	1,316	United States Dollar	1,346	(30)	
0.7256	January 20, 2023	United States Dollar	217	Canadian Dollar	220	(3)	
0.7256	January 20, 2023	United States Dollar	204	Canadian Dollar	208	(4)	
1.3289	February 3, 2023	Canadian Dollar	1,187	United States Dollar	1,204	(17)	
0.7293	February 10, 2023	United States Dollar	295	Canadian Dollar	299	(4)	
1.3296	February 17, 2023	Canadian Dollar	594	United States Dollar	602	(8)	
1.3261	February 24, 2023	Canadian Dollar	197	United States Dollar	200	(3)	
1.3262	February 24, 2023	Canadian Dollar	4,491	United States Dollar	4,560	(68)	
						Derivatives - Liabilities	(155)
Total Forward Currency Contracts							(150)

Futures Contracts

No. of Contracts	Average Contract Price	Futures Contracts	Maturity Date	Notional Amount	Price as at December 31	Unrealized Gain (Loss)	
(36)	CAD 119.50	EURO-BOBL FUTURE 03-31-2023	March 31, 2023	EUR 4,167	CAD 115.75	23	
(5)	CAD 147.88	JPN 10Y BOND (OSE) 03-31-2023	March 31, 2023	JPY 727,300	CAD 145.46	4	
						Derivatives - Assets	27
Total Futures Contracts							27

Total Derivative Instruments at Fair Value (123)

Transaction Costs (note 2) (38)

Total Investments 105,804 106,678

Managed Fund (Laketon) SF035

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Managed Fund (Laketon) SF035 (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

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

B. Liquidity Risk

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

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

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

C. Currency Risk

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

Managed Fund (Laketon) SF035

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2022 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2022

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 22,716	\$ 795	\$ 23,511	\$ 235
Euro	3,504	(4)	3,500	35
Other Currencies	5,258	49	5,307	53
Total	\$ 31,478	\$ 840	\$ 32,318	\$ 323
As Percent of Net Assets Attributable to Contractholders			29.7%	0.3%

*Includes both monetary and non-monetary instruments

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 17,762	\$ 377	\$ 18,139	\$ 181
Euro	5,893	4	5,897	59
United Kingdom Pound Sterling	4,840	—	4,840	49
Swiss Franc	1,863	—	1,863	19
Other Currencies	4,717	—	4,717	47
Total	\$ 35,075	\$ 381	\$ 35,456	\$ 355
As Percent of Net Assets Attributable to Contractholders			26.4%	0.3%

*Includes both monetary and non-monetary instruments

D. Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Due to the nature of short-term fixed income securities with a remaining term-to-maturity of less than one year, these investments are not generally exposed to a significant risk that their value will fluctuate in response to changes in the prevailing levels of market interest rates. The risk is professionally managed at the security and fund level by the Company.

Managed Fund (Laketon) SF035

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

D. Interest Rate Risk (continued)

The table below summarizes the Fund's exposure to interest rate risk by remaining term-to-maturity.

2022						
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total	
Bonds	\$ 1,145	\$ 15,892	\$ 20,118	\$ 13,537	\$	50,692
2021						
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total	
Bonds	\$ 1,653	\$ 12,600	\$ 15,847	\$ 13,813	\$	43,913

As at December 31, 2022, had prevailing interest rates increased or decreased by 1% assuming a parallel shift in the yield curve, with all other variables held constant, net assets attributable to contractholders would have decreased or increased, respectively, by approximately \$3,613 (\$3,436 at December 31, 2021) or approximately 3.3% (2.6% at December 31, 2021). The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual results may differ and the difference could be significant.

E. Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt instruments includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt instruments represents the maximum credit risk exposure as at December 31, 2022. The amount of credit risk to any one issuer may be determined from the information reported in the Schedule of Investment Portfolio. The Fund may invest in short-term fixed income securities issued or guaranteed primarily by the Government of Canada or any Canadian provincial government, obligations of Canadian chartered banks or trust companies, and commercial paper with approved credit ratings. The risk of default on these short-term fixed income securities is considered low. The Company monitors credit risk and credit ratings on a regular basis. All new counterparties to financial instruments are subject to an approval process.

There was no change in fair values of financial liabilities as a result of changes in credit risks during 2022 or 2021.

All transactions in listed securities are settled and paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Managed Fund (Laketon) SF035

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Credit Risk (continued)

Credit ratings disclosed below are obtained from independent rating agencies including DBRS, Standard & Poor's, Moody's Investors Service and Fitch Ratings. The lowest rating provided by the agencies is used.

Debt securities by credit rating are as follows:

	2022		2021	
	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)
AAA	5.5	2.6	11.0	3.6
AA	23.8	11.1	20.6	6.7
A	35.2	16.4	26.1	8.5
BBB	28.6	13.3	33.8	11.0
BB and lower	6.7	3.1	7.7	2.5
NR *	0.2	0.1	0.8	0.3
Total	100.0	46.6	100.0	32.6

*Bonds disclosed as NR are mortgage backed securities or privately placed bonds or bonds that have not been rated by a rating agency.

F. Other Price Risk

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

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2022, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$561 (\$886 at December 31, 2021) or approximately 0.5% (0.7% at December 31, 2021) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

Managed Fund (Laketon) SF035

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

G. Fair Value Classification

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

	2022			
	Assets and Liabilities Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Bonds	\$ —	\$ 50,677	\$ 15	\$ 50,692
Stocks	56,109	—	—	56,109
Derivatives	26	6	—	32
Total assets measured at fair value	\$ 56,135	\$ 50,683	\$ 15	\$ 106,833
Liabilities measured at fair value				
Derivatives ⁽¹⁾	\$ —	\$ 155	\$ —	\$ 155
Net assets attributable to contractholders measured at fair value	\$ 56,135	\$ 50,528	\$ 15	\$ 106,678

⁽¹⁾ Excludes collateral pledged to counterparties of \$256.

	2021			
	Assets and Liabilities Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Bonds	\$ —	\$ 43,907	\$ 6	\$ 43,913
Stocks	81,877	6,684	—	88,561
Derivatives	—	14	—	14
Total assets measured at fair value	\$ 81,877	\$ 50,605	\$ 6	\$ 132,488
Liabilities measured at fair value				
Derivatives ⁽¹⁾	\$ 10	\$ 11	\$ —	\$ 21
Net assets attributable to contractholders measured at fair value	\$ 81,867	\$ 50,594	\$ 6	\$ 132,467

⁽¹⁾ Excludes collateral pledged to counterparties of \$206.

In accordance with the Fund's valuation policy, the Fund applies fair value adjustment factors to the quoted market prices for certain non-North American equities when North American intraday stock market movements exceed predetermined tolerances. The adjustment factors are applied in order to estimate the impact on fair values of events occurring between the close of the non-North American stock markets and the close of business for the Fund. If fair value adjustment factors are applied, non-North American equities are classified as Level 2. Consequently, non-North American equities are frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices). As at December 31, 2022, these securities were classified as Level 1 (Level 2 at December 31, 2021).

Managed Fund (Laketon) SF035

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

G. Fair Value Classification (continued)

The following table presents additional information about assets measured at fair value on a recurring basis and for which the Fund has utilized Level 3 inputs to determine fair value:

	2022	2021
	Bonds	Bonds
Balance, beginning of year	\$ 6	\$ —
Total gain (loss) included in net assets from operations attributable to contractholders	—	—
Purchases	9	—
Sales	—	—
Settlements	—	—
Transfers into Level 3	—	6
Transfers out of Level 3	—	—
Balance, end of year	\$ 15	\$ 6
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	\$ —	\$ —

Managed Fund (Laketon) SF035

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

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

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Flex	471,760	522,984	594,534	680,671	768,348	36,818	45,431	46,636	53,531	55,170
Generations/Mosaic	1,144,539	1,261,467	1,452,531	1,633,159	1,881,346	20,692	25,385	26,394	29,754	31,293
Generations I	643,961	725,501	945,472	1,150,253	1,499,814	9,764	12,243	14,407	17,573	20,920
Generations II	107,229	115,337	135,297	147,542	218,441	1,476	1,769	1,874	2,050	2,773
Generations Core	115,802	125,404	137,124	163,198	174,904	1,648	1,980	1,949	2,318	2,260
75/75 guarantee policy	178,410	198,173	231,891	262,866	316,856	2,729	3,362	3,541	4,011	4,400
75/100 guarantee policy	1,241,219	1,474,428	1,862,612	2,199,039	2,246,115	18,628	24,628	28,094	33,254	31,011
100/100 guarantee policy	47,108	50,646	77,109	102,017	99,914	702	841	1,156	1,535	1,373
PS1 75/75 guarantee policy	35,128	36,791	25,907	34,134	35,382	543	629	397	521	490
PS1 75/100 guarantee policy	252,048	260,039	288,550	304,552	288,803	3,835	4,382	4,369	4,599	3,962
PS1 100/100 guarantee policy	72,544	74,170	76,137	76,760	78,116	1,077	1,222	1,129	1,138	1,054
PS2 75/75 guarantee policy	214,959	232,433	298,961	232,935	244,857	4,203	4,916	5,549	4,212	3,929
PS2 75/100 guarantee policy	270,316	297,379	339,764	588,801	620,382	5,285	6,290	6,306	10,324	9,954
PS 75/75 guarantee policy	—	37	585	929	—	—	—	6	10	—
PS 75/100 guarantee policy	119,259	119,948	120,937	121,645	123,848	1,269	1,406	1,266	1,263	1,161

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
Flex	78.04	86.87	78.44	78.65	71.80	(8.83)	8.43
Generations/Mosaic	18.08	20.12	18.17	18.22	16.63	(2.04)	1.95
Generations I	15.16	16.88	15.24	15.28	13.95	(1.72)	1.64
Generations II	13.77	15.33	13.85	13.90	12.69	(1.56)	1.48
Generations Core	14.23	15.79	14.21	14.20	12.92	(1.56)	1.58
75/75 guarantee policy	15.29	16.97	15.27	15.26	13.89	(1.68)	1.70
75/100 guarantee policy	15.01	16.70	15.08	15.12	13.81	(1.69)	1.62
100/100 guarantee policy	14.90	16.60	14.99	15.04	13.74	(1.70)	1.61
PS1 75/75 guarantee policy	15.46	17.09	15.33	15.27	13.84	(1.63)	1.76
PS1 75/100 guarantee policy	15.22	16.85	15.14	15.10	13.72	(1.63)	1.71
PS1 100/100 guarantee policy	14.84	16.47	14.83	14.82	13.49	(1.63)	1.64
PS2 75/75 guarantee policy	19.55	21.15	18.56	18.08	16.04	(1.60)	2.59
PS2 75/100 guarantee policy	19.55	21.15	18.56	18.08	16.05	(1.60)	2.59
PS 75/75 guarantee policy	—	11.86	10.55	10.43	—	—	1.31
PS 75/100 guarantee policy	10.64	11.72	10.47	10.38	9.37	(1.08)	1.25

Managed Fund (Laketon) SF035

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

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

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

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

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

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

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

Managed Fund (Laketon) SF035

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

Managed Fund (Laketon) SF035

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

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

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

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

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

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

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

Managed Fund (Laketon) SF035

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

c) Bonds and Stocks

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

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

d) Cash, Short-term Deposits and Overdrafts

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

Managed Fund (Laketon) SF035

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Derivatives

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

f) Classification of Units Issued by the Fund

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

g) Recognition of Investments and Income

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

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

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

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

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

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

Interest income on debt securities - included in the change in fair value of such investments and recorded on the accrual basis.

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

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

Managed Fund (Laketon) SF035

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency

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

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

Miscellaneous income (loss)

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

h) Offsetting of Financial Instruments

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

i) Amounts Due to/from Broker

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

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

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

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

j) Amounts Due to/from Outside Parties

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

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

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

k) Other Expenses

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

Managed Fund (Laketon) SF035

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Income Allocation

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

m) Issue and Redemption of Units

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

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

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

n) Transaction Costs

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

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

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

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

Managed Fund (Laketon) SF035

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

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

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

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

4. CAPITAL MANAGEMENT

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

5. INCOME TAXES

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

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

Managed Fund (Laketon) SF035

Notes to the Financial Statements

(in Canadian \$ thousands)

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

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

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

7. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative contracts, including forward currency, futures and equity swap contracts, are valued at the gain or loss that would arise as a result of closing the position at the reporting date. Options are recorded at fair value as at the reporting date. The Fund may use derivative contracts to hedge against losses caused by changes in securities prices, interest rates, exchange rates and/or other risks. The Fund may also use derivative contracts for non-hedging purposes in order to invest indirectly in financial markets or to gain exposure to other currencies, provided the use of such derivatives is consistent with the Fund's investment objectives and strategies. Foreign currency risk and exposure may be direct or indirect and can include all or a portion of the currency exposure of an existing investment or group of investments. Any such gain or loss on derivative contracts is recorded as part of net gain (loss) on investments.

As at the reporting date, the unrealized gain (loss) on derivative contracts is reflected on the Statement of Financial Position of the Fund.

The Fund manages derivative credit risk through collateral arrangements where required. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented by the Fund regarding the acceptability of types of collateral and the valuation parameters. The Fund Manager monitors the value of the collateral and requests additional collateral when needed.

Managed Fund (Laketon) SF035

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

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

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

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

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

Managed Fund (Laketon) SF035

Supplemental Information (unaudited)

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

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
Flex	2.86	2.86	2.86	2.87	2.88
Generations/Mosaic	2.86	2.86	2.86	2.87	2.88
Generations I	2.85	2.86	2.86	2.87	2.89
Generations II	2.91	2.92	2.92	2.93	2.94
Generations Core	2.53	2.53	2.53	2.54	2.66
75/75 guarantee policy	2.53	2.53	2.53	2.54	2.65
75/100 guarantee policy	2.85	2.86	2.86	2.87	2.88
100/100 guarantee policy	2.91	2.92	2.92	2.92	2.94
PS1 75/75 guarantee policy	2.18	2.18	2.19	2.19	2.20
PS1 75/100 guarantee policy	2.35	2.35	2.35	2.36	2.37
PS1 100/100 guarantee policy	2.57	2.57	2.57	2.58	2.59
PS 75/75 guarantee policy	—	1.45	1.43	1.42	—
PS 75/100 guarantee policy	1.76	1.77	1.77	1.77	1.77

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	87.70	77.92	48.28	60.07	48.54

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

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

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
INTERNATIONAL BOND FUND (LAKETON) SF036

December 31, 2022

Independent Auditor's Report

To the Contractholders of International Bond Fund (Laketon) SF036 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

International Bond Fund (Laketon) SF036

(in Canadian \$ thousands)

Fund Manager: Canada Life Asset Management Limited

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 3,670	\$ 5,983
Investment income due and accrued	752	672
Due from The Canada Life Assurance Company (note 7)	—	467
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	90,864	101,936
Stocks	—	—
Investment fund units	—	—
Total investments	90,864	101,936
Total assets	\$ 95,286	\$ 109,058
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	11	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	11	—
Net assets attributable to contractholders	\$ 95,275	\$ 109,058

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (11,959)	\$ (7,916)
Miscellaneous income (loss)	201	(166)
Total income (loss)	(11,758)	(8,082)
Expenses		
Management fees (note 7)	173	272
Transaction costs	—	—
Withholding taxes	—	—
Other	31	40
Total expenses	204	312
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (11,962)	\$ (8,394)

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 109,058	\$ 127,383
Contractholder deposits	10,235	30,594
Contractholder withdrawals	(12,056)	(40,525)
Increase (decrease) in net assets from operations attributable to contractholders	(11,962)	(8,394)
Change in net assets attributable to contractholders	(13,783)	(18,325)
Net assets attributable to contractholders - end of year	\$ 95,275	\$ 109,058

International Bond Fund (Laketon) SF036

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (11,962)	\$ (8,394)
Adjustments		
Realized (gains) losses	1,531	(1,323)
Unrealized (gains) losses	12,487	11,181
Gross proceeds of disposition of investments	11,991	59,972
Gross payments for the purchase of investments	(14,937)	(56,227)
Change in investment income due and accrued	(80)	155
Change in due from/to The Canada Life Assurance Company	478	(173)
Change in due from/to brokers	—	—
Change in due from/to outside parties	—	—
	<u>(492)</u>	<u>5,191</u>
Financing Activities		
Contractholder deposits	10,235	30,594
Contractholder withdrawals	(12,056)	(40,525)
	<u>(1,821)</u>	<u>(9,931)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(2,313)	(4,740)
Cash, short-term deposits and overdrafts, beginning of year	5,983	10,723
Cash, short-term deposits and overdrafts, end of year	\$ 3,670	\$ 5,983
Supplementary cash flow information		
Interest income received	\$ 1,997	\$ 2,102

International Bond Fund (Laketon) SF036

Schedule of Investment Portfolio

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

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds			
Federal Government			
Canadian Government 4.00% 01-06-2041	500,000	528	543
Government of Canada 1.25% 06-01-2030	1,300,000	1,300	1,127
Government of Canada 1.75% 12-01-2053	350,000	235	247
Government of Canada 2.00% 09-01-2023	900,000	908	885
Government of Canada 2.00% 12-01-2051	400,000	330	304
Government of Canada 5.75% 06-01-2033	870,000	1,190	1,053
Total Federal Government		4,491	4,159
Corporate - Non-convertible			
CPPIB Capital Inc. 1.125% 12-14-2029	500,000	872	657
Total Corporate - Non-convertible		872	657
Total Canadian Bonds		5,363	4,816
United States Bonds			
Federal Government			
United States Treasury 1.375% 08-15-2050	990,000	1,253	750
United States Treasury 1.375% 08-31-2026	1,580,000	2,044	1,940
United States Treasury 1.625% 08-15-2029	340,000	497	399
United States Treasury 1.75% 05-15-2023	3,300,000	4,107	4,421
United States Treasury 1.75% 11-15-2029	1,600,000	2,080	1,890
United States Treasury 1.875% 02-15-2032	1,500,000	1,747	1,723
United States Treasury 2.125% 02-29-2024	600,000	768	789
United States Treasury 2.625% 02-28-2023	1,080,000	1,488	1,458
United States Treasury 2.75% 11-15-2042	1,506,000	1,838	1,640
United States Treasury 2.875% 04-30-2025	1,060,000	1,464	1,389
United States Treasury 3.00% 02-15-2049	1,030,000	1,558	1,155
United States Treasury 3.875% 08-15-2040	690,000	1,111	913
Total Federal Government		19,955	18,467
Corporate - Non-convertible			
AT&T Inc. 2.35% 09-05-2029	660,000	986	863
Berkshire Hathaway Inc. 2.375% 06-19-2039	480,000	800	559
Comcast Corp. 1.875% 02-20-2036	420,000	720	488

International Bond Fund (Laketon) SF036

Schedule of Investment Portfolio

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

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Bonds (continued)			
Corporate - Non-convertible (continued)			
JPMorgan Chase & Co. 4.60% 02-01-2025	1,000,000	1,256	1,206
Marsh & McLennan Companies Inc. 1.979% 03-21-2030	660,000	994	818
Public Storage REIT 0.875% 01-24-2032	660,000	952	704
Stanley Black & Decker Inc. 4.00% 03-15-2025	622,000	827	726
Thermo Fisher Scientific Inc. 2.875% 07-24-2037	150,000	218	189
Total Corporate - Non-convertible		6,753	5,553
Total United States Bonds		26,708	24,020
Global Bonds			
Australia			
Government of Australia 1.25% 05-21-2032	600,000	445	434
Government of Australia 2.25% 05-21-2028	1,450,000	1,438	1,242
Government of Australia 3.25% 04-21-2025	1,225,000	1,241	1,125
France			
AXA SA 1.875% 07-10-2042	770,000	1,096	833
AXA SA Floating Rate 01-17-2047	1,310,000	1,733	1,695
Banque Federative du Credit Mutuel SA 3.875% 06-16-2032	800,000	1,073	1,090
BNP Paribas SA 2.75% 07-25-2028	900,000	1,211	1,210
BNP Paribas SA 3.132% 01-20-2033	700,000	875	747
BPCE SA 2.50% 11-30-2032	500,000	841	663
Credit Agricole Assurances 1.50% 10-06-2031	900,000	1,318	955
Credit Agricole SA 0.50% 09-21-2029	700,000	1,043	821
Credit Agricole SA 3.25% 01-14-2030	440,000	570	489
Electricite de France 2.625% 12-01-2027	1,000,000	1,467	1,134
Reseau Ferre de France 5.00% 10-10-2033	167,000	269	271
SCOR SE 5.25% 03-13-2029	1,400,000	1,778	1,464
TotalEnergies Capital SA 1.994% 08-04-2032	100,000	155	126
TotalEnergies SE 1.75% PERP	100,000	154	137
Germany			
Allianz SE 3.20% 10-30-2027	1,400,000	1,768	1,418
Deutsche Bahn Finance GmbH 1.375% 04-16-2040	490,000	742	499
Government of Germany 2.50% 07-04-2044	360,000	662	516
HOWOGE Wohnungsbaugesellschaft mbH 1.125% 11-01-2033	700,000	1,004	732

International Bond Fund (Laketon) SF036

Schedule of Investment Portfolio

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

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Bonds (continued)			
Germany (continued)			
Merck & Co. Inc. 2.875% 06-25-2029	500,000	749	647
Ireland			
Experian Europe DAC 1.56% 05-16-2031	300,000	434	359
Zurich Finance (Ireland) Designated Activity Co. 3.00% 04-19-2031	1,970,000	2,505	2,049
Italy			
Buoni del Tesoro Poliennali 0.35% 02-01-2025	1,948,000	2,962	2,653
Buoni del Tesoro Poliennali 1.25% 12-01-2026	2,400,000	3,723	3,173
Buoni del Tesoro Poliennali 1.75% 07-01-2024	660,000	1,097	936
Eni SPA 4.00% 09-12-2023	920,000	1,205	1,234
Japan			
Asahi Group Holdings Ltd. 0.336% 04-19-2027	1,100,000	1,646	1,367
Government of Japan 0.10% 03-01-2023	100,000,000	1,153	1,033
Government of Japan 0.10% 09-20-2029	63,600,000	773	644
Government of Japan 0.40% 03-20-2025	239,600,000	2,670	2,497
Government of Japan 0.50% 03-20-2049	132,900,000	1,544	1,075
Government of Japan 0.50% 12-20-2040	150,000,000	1,718	1,368
Government of Japan 1.20% 03-20-2035	120,100,000	1,222	1,300
Government of Japan 1.50% 03-20-2033	123,700,000	1,229	1,396
Government of Japan 1.90% 06-20-2025	77,400,000	1,064	835
Government of Japan 1.90% 09-20-2030	104,600,000	1,559	1,196
Sumitomo Life Insurance Floating Rate 09-14-2077	1,050,000	1,272	1,307
Jersey			
States of Jersey 2.875% 05-06-2052	200,000	315	227
Luxembourg			
AXA Logistics Europe 0.875% 11-15-2029	1,000,000	1,429	1,082
Medtronic Global Holdings SCA 1.375% 10-15-2040	850,000	1,313	795
Medtronic Global Holdings SCA 3.125% 10-15-2031	750,000	986	1,028
Netherlands			
American Medical Systems Europe BV 1.625% 03-08-2031	600,000	836	732
Argentum Netherlands BV for Zurich Insurance Co. Ltd. 5.125% 06-01-2048	680,000	854	829
Cooperatieve Rabobank UA 4.875% 06-29-2029	400,000	554	498

International Bond Fund (Laketon) SF036

Schedule of Investment Portfolio

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

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Bonds (continued)			
Netherlands (continued)			
Cooperatieve Rabobank UA Floating Rate 04-10-2029	1,000,000	1,268	1,295
LSEG Netherlands BV 0.25% 04-06-2028	900,000	1,331	1,096
Upjohn Finance BV 1.908% 06-23-2032	850,000	1,297	941
Volkswagen International Finance NV 3.748% 12-28-2027	900,000	1,252	1,112
South Korea			
Export - Import Bank of Korea 0.625% 07-11-2023	1,028,000	1,573	1,471
Sweden			
Vattenfall AB 2.50% 06-29-2083	400,000	689	513
United Kingdom			
Barclays PLC 1.875% 12-08-2023	990,000	1,404	1,422
HSBC Holdings PLC 2.206% 08-17-2029	900,000	1,127	986
NATS (En Route) PLC 1.375% 03-31-2031	720,000	1,231	992
NatWest Group PLC 2.105% 11-28-2031	600,000	1,024	816
Northern Powergrid North 3.25% 04-01-2052	500,000	571	592
UK Treasury 0.125% 01-30-2026	610,000	1,029	902
United Kingdom Treasury 3.50% 01-22-2045	156,000	360	235
Supra - National			
Asian Development Bank 2.35% 06-21-2027	120,000,000	1,576	1,344
European Investment Bank 1.90% 01-26-2026	41,400,000	540	450
Total Global Bonds		71,967	62,028
Total Bonds		104,038	90,864
Total Investments		104,038	90,864

International Bond Fund (Laketon) SF036

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the International Bond Fund (Laketon) SF036 (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

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

B. Liquidity Risk

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

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

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

C. Currency Risk

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

International Bond Fund (Laketon) SF036

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2022 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2022

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 33,912	\$ 4	\$ 33,916	\$ 339
Euro	30,210	2,092	32,302	323
Japanese Yen	13,138	1,733	14,871	149
United Kingdom Pound Sterling	6,644	59	6,703	67
Other Currencies	2,801	32	2,833	28
Total	\$ 86,705	\$ 3,920	\$ 90,625	\$ 906
As Percent of Net Assets Attributable to Contractholders			95.1%	1.0%

*Includes both monetary and non-monetary instruments

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 37,720	\$ 37	\$ 37,757	\$ 378
Euro	34,930	1,428	36,358	364
Japanese Yen	13,743	1,202	14,945	149
United Kingdom Pound Sterling	8,568	17	8,585	86
Other Currencies	2,601	7	2,608	26
Total	\$ 97,562	\$ 2,691	\$ 100,253	\$ 1,003
As Percent of Net Assets Attributable to Contractholders			91.9%	0.9%

*Includes both monetary and non-monetary instruments

D. Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Due to the nature of short-term fixed income securities with a remaining term-to-maturity of less than one year, these investments are not generally exposed to a significant risk that their value will fluctuate in response to changes in the prevailing levels of market interest rates. The risk is professionally managed at the security and fund level by the Company.

International Bond Fund (Laketon) SF036

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

D. Interest Rate Risk (continued)

The table below summarizes the Fund's exposure to interest rate risk by remaining term-to-maturity.

2022					
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ 11,924	\$ 25,131	\$ 31,036	\$ 22,773	\$ 90,864

2021					
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ 3,206	\$ 35,969	\$ 35,378	\$ 27,383	\$ 101,936

As at December 31, 2022, had prevailing interest rates increased or decreased by 1% assuming a parallel shift in the yield curve, with all other variables held constant, net assets attributable to contractholders would have decreased or increased, respectively, by approximately \$5,301 (\$6,583 at December 31, 2021) or approximately 5.6% (6.0% at December 31, 2021). The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual results may differ and the difference could be significant.

E. Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt instruments includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt instruments represents the maximum credit risk exposure as at December 31, 2022. The amount of credit risk to any one issuer may be determined from the information reported in the Schedule of Investment Portfolio. The Fund may invest in short-term fixed income securities issued or guaranteed primarily by the Government of Canada or any Canadian provincial government, obligations of Canadian chartered banks or trust companies, and commercial paper with approved credit ratings. The risk of default on these short-term fixed income securities is considered low. The Company monitors credit risk and credit ratings on a regular basis. All new counterparties to financial instruments are subject to an approval process.

There was no change in fair values of financial liabilities as a result of changes in credit risks during 2022 or 2021.

All transactions in listed securities are settled and paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Credit ratings disclosed below are obtained from independent rating agencies including DBRS, Standard & Poor's, Moody's Investors Service and Fitch Ratings. The lowest rating provided by the agencies is used.

International Bond Fund (Laketon) SF036

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Credit Risk (continued)

Debt securities by credit rating are as follows:

	2022		2021	
	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)
AAA	26.8	25.4	25.7	24.1
AA	8.5	8.1	9.7	9.0
A	28.4	27.1	26.2	24.5
BBB	31.0	29.6	32.5	30.4
BB and lower	2.7	2.6	3.8	3.6
NR *	2.6	2.5	2.1	1.9
Total	100.0	95.3	100.0	93.5

*Bonds disclosed as NR are mortgage backed securities or privately placed bonds or bonds that have not been rated by a rating agency.

F. Fair Value Classification

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

Assets measured at fair value	2022			
	Level 1	Level 2	Level 3	Total
Bonds	\$ —	\$ 90,864	\$ —	\$ 90,864
Total assets measured at fair value	\$ —	\$ 90,864	\$ —	\$ 90,864

Assets measured at fair value	2021			
	Level 1	Level 2	Level 3	Total
Bonds	\$ —	\$ 101,936	\$ —	\$ 101,936
Total assets measured at fair value	\$ —	\$ 101,936	\$ —	\$ 101,936

There were no significant transfers between Level 1 and Level 2 during 2022 or 2021.

International Bond Fund (Laketon) SF036

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

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

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Flex	73,899	80,390	96,249	100,793	124,995	1,103	1,379	1,815	1,794	2,247
Generations/Mosaic	164,080	231,530	280,248	293,672	295,352	1,579	2,562	3,409	3,372	3,425
Generations I	47,794	76,396	95,543	90,195	123,535	561	1,029	1,413	1,257	1,736
Generations II	5,420	6,164	17,492	15,623	17,172	64	84	261	219	243
Generations Core	16,295	18,979	28,596	43,981	40,665	197	262	433	626	582
75/75 guarantee policy	54,429	76,419	98,459	120,264	102,965	554	891	1,257	1,444	1,243
75/100 guarantee policy	164,296	206,324	288,166	392,002	399,563	1,648	2,377	3,643	4,669	4,799
100/100 guarantee policy	29,553	36,282	38,380	42,431	42,141	294	414	481	502	503
PS1 75/75 guarantee policy	53,038	59,830	74,527	108,914	68,228	566	728	987	1,349	845
PS1 75/100 guarantee policy	85,109	96,740	111,235	160,563	141,941	898	1,164	1,460	1,972	1,746
PS1 100/100 guarantee policy	7,673	11,843	12,972	13,910	13,820	80	140	168	169	168
PS2 75/75 guarantee policy	12,979	12,802	12,116	16,842	19,456	164	182	184	236	268
PS2 75/100 guarantee policy	12,419	48,162	73,175	66,863	50,568	157	683	1,112	935	696
PS2 100/100 guarantee policy	—	1,052	1,072	1,092	1,113	—	15	16	15	15
PS 75/100 guarantee policy	—	4,171	4,108	3,857	—	—	42	45	40	—
PS 100/100 guarantee policy	—	—	—	2,225	—	—	—	—	23	—
PPS 75/100 guarantee policy	10,186	19,863	20,072	20,335	13,492	92	204	223	210	139
PPS 100/100 guarantee policy	—	—	—	64	—	—	—	—	1	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
Flex	14.92	17.16	18.86	17.80	17.98	(2.24)	(1.70)
Generations/Mosaic	9.62	11.07	12.17	11.48	11.60	(1.45)	(1.10)
Generations I	11.74	13.48	14.79	13.93	14.05	(1.74)	(1.31)
Generations II	11.81	13.56	14.89	14.04	14.16	(1.75)	(1.33)
Generations Core	12.07	13.82	15.14	14.23	14.32	(1.75)	(1.32)
75/75 guarantee policy	10.18	11.66	12.77	12.00	12.08	(1.48)	(1.11)
75/100 guarantee policy	10.03	11.52	12.64	11.91	12.01	(1.49)	(1.12)
100/100 guarantee policy	9.95	11.42	12.54	11.83	11.93	(1.47)	(1.12)
PS1 75/75 guarantee policy	10.68	12.16	13.25	12.38	12.39	(1.48)	(1.09)
PS1 75/100 guarantee policy	10.56	12.04	13.12	12.28	12.30	(1.48)	(1.08)
PS1 100/100 guarantee policy	10.37	11.85	12.94	12.13	12.17	(1.48)	(1.09)
PS2 75/75 guarantee policy	12.66	14.19	15.20	13.99	13.77	(1.53)	(1.01)
PS2 75/100 guarantee policy	12.65	14.18	15.20	13.98	13.77	(1.53)	(1.02)
PS2 100/100 guarantee policy	—	14.18	15.20	13.98	13.77	—	(1.02)
PS 75/100 guarantee policy	—	10.02	10.93	10.24	—	—	(0.91)
PS 100/100 guarantee policy	—	—	—	10.24	—	—	—
PPS 75/100 guarantee policy	9.04	10.25	11.12	10.35	10.31	(1.21)	(0.87)
PPS 100/100 guarantee policy	—	—	—	10.33	—	—	—

International Bond Fund (Laketon) SF036

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

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

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

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

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

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

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

International Bond Fund (Laketon) SF036

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

International Bond Fund (Laketon) SF036

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

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

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

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

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

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

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

International Bond Fund (Laketon) SF036

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

c) Bonds

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

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

d) Cash, Short-term Deposits and Overdrafts

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

International Bond Fund (Laketon) SF036

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Classification of Units Issued by the Fund

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

f) Recognition of Investments and Income

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

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

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

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

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

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

Interest income on debt securities - included in the change in fair value of such investments and recorded on the accrual basis.

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

Foreign currency

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

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

Miscellaneous income (loss)

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

International Bond Fund (Laketon) SF036

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Offsetting of Financial Instruments

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

h) Amounts Due to/from Broker

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

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

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

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

i) Amounts Due to/from Outside Parties

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

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

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

j) Other Expenses

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

k) Income Allocation

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

l) Issue and Redemption of Units

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

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

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

International Bond Fund (Laketon) SF036

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Transaction Costs

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

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

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

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

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

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

International Bond Fund (Laketon) SF036

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

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

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

4. CAPITAL MANAGEMENT

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

5. INCOME TAXES

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

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

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

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

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

International Bond Fund (Laketon) SF036

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

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

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

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

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

International Bond Fund (Laketon) SF036

Supplemental Information *(unaudited)*

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

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
Flex	2.56	2.56	2.54	2.55	2.55
Generations/Mosaic	2.56	2.56	2.54	2.55	2.55
Generations I	2.40	2.39	2.38	2.38	2.38
Generations II	2.45	2.46	2.43	2.44	2.44
Generations Core	2.17	2.18	2.16	2.16	2.22
75/75 guarantee policy	2.18	2.17	2.16	2.16	2.23
75/100 guarantee policy	2.39	2.40	2.38	2.38	2.38
100/100 guarantee policy	2.45	2.45	2.44	2.44	2.44
PS1 75/75 guarantee policy	1.60	1.60	1.60	1.59	1.59
PS1 75/100 guarantee policy	1.71	1.71	1.71	1.70	1.71
PS1 100/100 guarantee policy	1.88	1.88	1.87	1.87	1.87
PS 75/100 guarantee policy	—	1.84	1.83	1.83	—
PS 100/100 guarantee policy	—	—	—	1.88	—
PPS 75/100 guarantee policy	1.17	1.16	1.15	1.15	1.15
PPS 100/100 guarantee policy	—	—	—	1.32	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	11.31	51.97	34.73	29.60	27.18

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

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

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
EUROPEAN EQUITY FUND S-037ST

December 31, 2022

Independent Auditor's Report

To the Contractholders of European Equity Fund S-037ST (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

European Equity Fund S-037ST

(in Canadian \$ thousands)

Fund Manager: Setanta Asset Management Limited

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 216	\$ 459
Investment income due and accrued	15	25
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	33	33
Investments		
Bonds	—	—
Stocks	12,501	17,429
Investment fund units	—	—
Derivatives (note 7)	—	—
Total investments	12,501	17,429
Total assets	\$ 12,765	\$ 17,946
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	25	7
Due to brokers	—	—
Due to outside parties	—	—
Derivatives (note 7)	—	—
Total liabilities excluding net assets attributable to contractholders	25	7
Net assets attributable to contractholders	\$ 12,740	\$ 17,939

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (2,267)	\$ 2,473
Miscellaneous income (loss)	(4)	(6)
Total income (loss)	(2,271)	2,467
Expenses		
Management fees (note 8)	367	479
Transaction costs	2	3
Withholding taxes	34	57
Other	36	47
Total expenses	439	586
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (2,710)	\$ 1,881

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 17,939	\$ 18,694
Contractholder deposits	123	350
Contractholder withdrawals	(2,612)	(2,986)
Increase (decrease) in net assets from operations attributable to contractholders	(2,710)	1,881
Change in net assets attributable to contractholders	(5,199)	(755)
Net assets attributable to contractholders - end of year	\$ 12,740	\$ 17,939

European Equity Fund S-037ST

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (2,710)	\$ 1,881
Adjustments		
Realized (gains) losses	342	(176)
Unrealized (gains) losses	2,418	(1,877)
Gross proceeds of disposition of investments	2,938	3,961
Gross payments for the purchase of investments	(770)	(783)
Change in investment income due and accrued	10	5
Change in due from/to The Canada Life Assurance Company	18	1
Change in due from/to brokers	—	80
Change in due from/to outside parties	—	—
	<u>2,246</u>	<u>3,092</u>
Financing Activities		
Contractholder deposits	123	350
Contractholder withdrawals	(2,612)	(2,986)
	<u>(2,489)</u>	<u>(2,636)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(243)	456
Cash, short-term deposits and overdrafts, beginning of year	459	3
Cash, short-term deposits and overdrafts, end of year	\$ 216	\$ 459
Supplementary cash flow information		
Dividend income received	\$ 503	\$ 425

European Equity Fund S-037ST

Schedule of Investment Portfolio

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

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
United States Common Stock			
Consumer Discretionary			
Booking Holdings Inc.	166	406	453
Total United States Common Stock		406	453
Global Common Stock			
Belgium			
Groupe Bruxelles Lambert SA *	4,176	456	451
Proximus Group	7,407	289	97
Bermuda			
Lancashire Holdings Ltd.	46,068	546	490
France			
Air Liquide SA	1,437	252	276
EssilorLuxottica SA	1,908	402	468
Euroapi SASU	235	4	5
Sanofi SA	5,128	561	668
Germany			
Adidas AG	1,693	555	313
GEA Group AG	11,244	438	622
Ireland			
Bank of Ireland Group PLC	55,419	584	715
CRH PLC	15,874	667	850
DCC PLC	9,589	845	641
Ryanair Holdings PLC ADR	2,477	329	251
Isle Of Man			
Playtech PLC	32,660	338	272
Italy			
Eni SPA	16,312	385	314

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

European Equity Fund S-037ST

Schedule of Investment Portfolio

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

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Global Common Stock (continued)			
Jersey			
Ferguson PLC	2,027	314	348
Netherlands			
Heineken Holdings NV	2,936	323	307
Sweden			
Telefonaktiebolaget LM Ericsson	48,412	384	383
Switzerland			
Alcon Inc.	4,612	358	427
Novartis AG	5,790	550	709
The Swatch Group AG	566	296	218
United Kingdom			
BP PLC	40,574	328	316
Diageo PLC	12,120	440	723
GSK PLC	22,539	737	531
Haleon PLC	28,176	144	151
Liberty Global PLC Class C	18,152	868	477
LSL Property Services PLC	55,972	317	229
Unilever PLC	4,860	332	330
United Utilities Group PLC	17,486	278	284
Vodafone Group PLC	131,935	536	182
Total Global Common Stock		12,856	12,048
Total Stocks		13,262	12,501
Transaction Costs (note 2)		(22)	
Total Investments		13,240	12,501

European Equity Fund S-037ST

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the European Equity Fund S-037ST (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

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

B. Liquidity Risk

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

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

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

C. Currency Risk

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

European Equity Fund S-037ST

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2022 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2022

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
Euro	\$ 5,416	\$ —	\$ 5,416	\$ 54
United Kingdom Pound Sterling	3,819	—	3,819	38
United States Dollar	1,529	—	1,529	15
Swiss Franc	1,354	—	1,354	14
Other Currencies	383	—	383	4
Total	\$ 12,501	\$ —	\$ 12,501	\$ 125
As Percent of Net Assets Attributable to Contractholders			98.1%	1.0%

*Includes both monetary and non-monetary instruments

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
Euro	\$ 7,201	\$ 3	\$ 7,204	\$ 72
United Kingdom Pound Sterling	6,104	3	6,107	61
United States Dollar	1,729	6	1,735	17
Swiss Franc	1,610	—	1,610	16
Other Currencies	785	—	785	8
Total	\$ 17,429	\$ 12	\$ 17,441	\$ 174
As Percent of Net Assets Attributable to Contractholders			97.2%	1.0%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

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

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2022, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$125 (\$174 at December 31, 2021) or approximately 1.0% (1.0% at December 31, 2021) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

European Equity Fund S-037ST

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

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

		2022			
		Assets and Liabilities Measured at Fair Value			
		Level 1	Level 2	Level 3	Total
Assets measured at fair value					
Stocks	\$	12,501	\$ —	\$ —	\$ 12,501
Derivatives		—	—	—	—
Total assets measured at fair value	\$	12,501	\$ —	\$ —	\$ 12,501
Liabilities measured at fair value					
Derivatives	\$	—	\$ —	\$ —	\$ —
Net assets attributable to contractholders measured at fair value	\$	12,501	\$ —	\$ —	\$ 12,501

		2021			
		Assets and Liabilities Measured at Fair Value			
		Level 1	Level 2	Level 3	Total
Assets measured at fair value					
Stocks	\$	12,959	\$ 4,470	\$ —	\$ 17,429
Derivatives		—	—	—	—
Total assets measured at fair value	\$	12,959	\$ 4,470	\$ —	\$ 17,429
Liabilities measured at fair value					
Derivatives	\$	—	\$ —	\$ —	\$ —
Net assets attributable to contractholders measured at fair value	\$	12,959	\$ 4,470	\$ —	\$ 17,429

In accordance with the Fund's valuation policy, the Fund applies fair value adjustment factors to the quoted market prices for certain non-North American equities when North American intraday stock market movements exceed predetermined tolerances. The adjustment factors are applied in order to estimate the impact on fair values of events occurring between the close of the non-North American stock markets and the close of business for the Fund. If fair value adjustment factors are applied, non-North American equities are classified as Level 2. Consequently, non-North American equities are frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices). As at December 31, 2022, these securities were classified as Level 1 (Level 2 at December 31, 2021).

European Equity Fund S-037ST

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

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

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Flex	103,029	109,918	121,920	152,483	168,477	2,365	2,986	2,993	4,185	4,188
Generations/Mosaic	366,132	403,151	465,373	542,567	675,998	4,076	5,313	5,540	7,222	8,151
Generations I	49,439	59,957	65,766	99,392	132,854	592	849	841	1,421	1,720
Generations II	8,679	10,792	12,619	24,399	38,647	93	137	146	316	454
Generations Core	15,052	15,882	17,442	23,954	43,654	174	217	215	329	543
75/75 guarantee policy	47,098	60,095	82,008	131,282	171,809	722	1,088	1,339	2,393	2,833
75/100 guarantee policy	113,264	148,688	186,049	265,179	406,202	1,700	2,641	2,985	4,755	6,596
100/100 guarantee policy	21,492	27,632	43,322	50,671	116,826	307	469	667	875	1,833
PS1 75/75 guarantee policy	14,270	33,314	34,569	90,818	102,975	256	702	654	1,909	1,949
PS1 75/100 guarantee policy	110,447	133,827	135,357	154,442	185,080	1,912	2,735	2,492	3,169	3,430
PS1 100/100 guarantee policy	14,821	16,963	21,297	27,378	44,216	244	332	377	542	795
PS2 75/75 guarantee policy	7,471	9,647	9,850	13,692	15,148	173	256	229	346	336
PS2 75/100 guarantee policy	5,079	7,637	8,698	44,138	47,609	117	203	202	1,114	1,056
PS 75/75 guarantee policy	—	—	—	58	—	—	—	—	1	—
PS 75/100 guarantee policy	1,045	1,051	1,508	2,217	1,067	9	11	14	22	10

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
Flex	22.95	27.17	24.55	27.44	24.86	(4.22)	2.62
Generations/Mosaic	11.13	13.18	11.91	13.31	12.06	(2.05)	1.27
Generations I	11.97	14.16	12.79	14.29	12.94	(2.19)	1.37
Generations II	10.72	12.73	11.54	12.94	11.76	(2.01)	1.19
Generations Core	11.56	13.66	12.32	13.75	12.44	(2.10)	1.34
75/75 guarantee policy	15.32	18.11	16.33	18.23	16.49	(2.79)	1.78
75/100 guarantee policy	15.01	17.76	16.04	17.93	16.24	(2.75)	1.72
100/100 guarantee policy	14.30	16.98	15.39	17.27	15.69	(2.68)	1.59
PS1 75/75 guarantee policy	17.91	21.07	18.92	21.02	18.92	(3.16)	2.15
PS1 75/100 guarantee policy	17.31	20.44	18.41	20.52	18.54	(3.13)	2.03
PS1 100/100 guarantee policy	16.50	19.56	17.70	19.82	17.98	(3.06)	1.86
PS2 75/75 guarantee policy	23.12	26.55	23.27	25.24	22.19	(3.43)	3.28
PS2 75/100 guarantee policy	23.13	26.56	23.28	25.25	22.19	(3.43)	3.28
PS 75/75 guarantee policy	—	—	—	9.99	—	—	—
PS 75/100 guarantee policy	8.60	10.07	9.00	9.94	8.91	(1.47)	1.07

European Equity Fund S-037ST

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

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

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

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

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

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

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

European Equity Fund S-037ST

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

European Equity Fund S-037ST

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

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

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

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

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

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

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

European Equity Fund S-037ST

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

c) **Stocks**

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

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

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

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

European Equity Fund S-037ST

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Derivatives

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

f) Classification of Units Issued by the Fund

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

g) Recognition of Investments and Income

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

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

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

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

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

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

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

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

European Equity Fund S-037ST

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency

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

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

Miscellaneous income (loss)

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

h) Offsetting of Financial Instruments

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

i) Amounts Due to/from Broker

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

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

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

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

j) Amounts Due to/from Outside Parties

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

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

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

k) Other Expenses

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

European Equity Fund S-037ST

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Income Allocation

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

m) Issue and Redemption of Units

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

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

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

n) Transaction Costs

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

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

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

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

European Equity Fund S-037ST

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

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

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

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

4. CAPITAL MANAGEMENT

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

5. INCOME TAXES

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

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

European Equity Fund S-037ST

Notes to the Financial Statements

(in Canadian \$ thousands)

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

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

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

7. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative contracts, including forward currency, futures and equity swap contracts, are valued at the gain or loss that would arise as a result of closing the position at the reporting date. Options are recorded at fair value as at the reporting date. The Fund may use derivative contracts to hedge against losses caused by changes in securities prices, interest rates, exchange rates and/or other risks. The Fund may also use derivative contracts for non-hedging purposes in order to invest indirectly in financial markets or to gain exposure to other currencies, provided the use of such derivatives is consistent with the Fund's investment objectives and strategies. Foreign currency risk and exposure may be direct or indirect and can include all or a portion of the currency exposure of an existing investment or group of investments. Any such gain or loss on derivative contracts is recorded as part of net gain (loss) on investments.

As at the reporting date, the unrealized gain (loss) on derivative contracts is reflected on the Statement of Financial Position of the Fund.

The Fund manages derivative credit risk through collateral arrangements where required. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented by the Fund regarding the acceptability of types of collateral and the valuation parameters. The Fund Manager monitors the value of the collateral and requests additional collateral when needed.

European Equity Fund S-037ST

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

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

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

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

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

European Equity Fund S-037ST

Supplemental Information (unaudited)

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

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
Flex	3.04	3.03	3.03	3.03	3.03
Generations/Mosaic	3.04	3.04	3.03	3.03	3.03
Generations I	3.01	3.00	3.01	3.00	3.00
Generations II	3.37	3.37	3.37	3.36	3.36
Generations Core	2.87	2.87	2.87	2.87	2.87
75/75 guarantee policy	2.88	2.88	2.87	2.86	2.87
75/100 guarantee policy	3.02	3.01	3.01	3.00	3.00
100/100 guarantee policy	3.37	3.37	3.36	3.36	3.37
PS1 75/75 guarantee policy	2.42	2.41	2.42	2.41	2.40
PS1 75/100 guarantee policy	2.75	2.74	2.74	2.74	2.74
PS1 100/100 guarantee policy	3.19	3.18	3.18	3.18	3.18
PS 75/75 guarantee policy	—	—	—	1.76	—
PS 75/100 guarantee policy	1.91	1.90	1.91	1.90	1.90

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	5.50	4.36	6.88	5.11	24.57

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

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

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
FAR EAST EQUITY FUND S-038MF

December 31, 2022

Independent Auditor's Report

To the Contractholders of Far East Equity Fund S-038MF (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Far East Equity Fund S-038MF

(in Canadian \$ thousands)

Fund Manager: Canada Life Asset Management Limited

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 61	\$ 122
Investment income due and accrued	11	20
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	—	—
Stocks	18,143	24,314
Investment fund units	—	—
Derivatives (note 7)	—	—
Total investments	18,143	24,314
Total assets	\$ 18,215	\$ 24,456
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	22	10
Due to brokers	—	—
Due to outside parties	—	—
Derivatives (note 7)	—	—
Total liabilities excluding net assets attributable to contractholders	22	10
Net assets attributable to contractholders	\$ 18,193	\$ 24,446

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (2,291)	\$ (844)
Miscellaneous income (loss)	(16)	1
Total income (loss)	(2,307)	(843)
Expenses		
Management fees (note 8)	557	817
Transaction costs	15	25
Withholding taxes	44	81
Other	53	76
Total expenses	669	999
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (2,976)	\$ (1,842)

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 24,446	\$ 30,399
Contractholder deposits	248	687
Contractholder withdrawals	(3,525)	(4,798)
Increase (decrease) in net assets from operations attributable to contractholders	(2,976)	(1,842)
Change in net assets attributable to contractholders	(6,253)	(5,953)
Net assets attributable to contractholders - end of year	\$ 18,193	\$ 24,446

Far East Equity Fund S-038MF

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (2,976)	\$ (1,842)
Adjustments		
Realized (gains) losses	(613)	148
Unrealized (gains) losses	3,571	1,835
Gross proceeds of disposition of investments	7,799	9,260
Gross payments for the purchase of investments	(4,586)	(5,287)
Change in investment income due and accrued	9	(11)
Change in due from/to The Canada Life Assurance Company	12	4
Change in due from/to brokers	—	—
Change in due from/to outside parties	—	—
	<u>3,216</u>	<u>4,107</u>
Financing Activities		
Contractholder deposits	248	687
Contractholder withdrawals	(3,525)	(4,798)
	<u>(3,277)</u>	<u>(4,111)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(61)	(4)
Cash, short-term deposits and overdrafts, beginning of year	122	126
Cash, short-term deposits and overdrafts, end of year	\$ 61	\$ 122
Supplementary cash flow information		
Dividend income received	\$ 675	\$ 1,128

Far East Equity Fund S-038MF

Schedule of Investment Portfolio

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

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
United States Common Stock			
Exchange Traded Funds			
iShares MSCI India ETF	32,800	1,365	1,853
Total United States Common Stock		1,365	1,853
Global Common Stock			
Australia			
ANZ Group Holdings Ltd.	6,200	174	135
BHP Group Ltd.	10,600	311	446
Commonwealth Bank of Australia	3,820	305	361
CSL Ltd.	1,180	189	313
Goodman Group REIT	5,500	107	88
Macquarie Group Ltd.	1,300	130	200
National Australia Bank Ltd.	6,850	178	190
Rio Tinto Ltd.	840	78	90
Santos Ltd.	40,000	193	263
Sonic Healthcare Ltd.	2,000	48	55
Telstra Group Ltd.	22,600	81	83
Transurban Group Stapled Security	12,300	168	147
Wesfarmers Ltd.	2,200	91	93
Westpac Banking Corp.	9,400	290	202
Woodside Energy Group Ltd.	10,842	289	354
Cayman Islands			
Alibaba Group Holding Ltd.	37,600	779	563
Anta Sports Products Ltd.	4,600	108	82
Autohome Inc. Class A	4,600	46	48
Baidu Inc. Class A	5,700	189	110
Chailease Holding Co. Ltd.	9,000	63	86
China Mengniu Dairy Co. Ltd.	10,000	75	61
China Yongda Automobiles Services Holdings Ltd.	24,500	32	25
CK Asset Holdings Ltd.	10,000	84	83
CK Hutchison Holdings Ltd.	17,500	161	142
Hengan International Group Co. Ltd.	12,500	145	90
JD Logistics Inc.	25,600	162	67
JD.com Inc. Class A	7,190	216	274
Longfor Group Holdings Ltd.	31,000	208	131
Meituan Class B	11,200	381	339

Far East Equity Fund S-038MF

Schedule of Investment Portfolio

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

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Global Common Stock (continued)			
Cayman Islands (continued)			
NetEase Inc.	5,500	143	109
Pinduoduo Inc. ADR	970	82	107
Sea Ltd. ADR	400	84	28
Shenzhou International Group Holdings Ltd.	3,500	96	53
Sunny Optical Technology Group Co. Ltd.	1,500	45	24
Tencent Holdings Ltd.	14,200	557	823
WuXi Biologics (Cayman) Inc.	18,500	164	192
Xiaomi Corp.	26,000	61	49
ZTO Express Cayman Inc.	4,240	195	156
China			
Anhui Conch Cement Co. Ltd.	7,500	69	35
Bank of China Ltd.	143,000	66	70
China Construction Bank Corp.	203,000	212	172
China International Capital Corp. Ltd.	26,800	89	69
China Merchants Bank Co.	16,000	116	121
CITIC Securities Co. Ltd.	25,300	87	69
Ganfeng Lithium Group Co. Ltd.	13,440	224	136
Industrial and Commercial Bank of China Ltd.	139,000	117	97
Ping An Insurance (Group) Co. of China Ltd.	13,500	171	121
Postal Savings Bank of China Co. Ltd.	219,000	178	184
Sinopec Shanghai Petrochemical Co. Ltd.	494,000	149	113
WuXi AppTec Co. Ltd.	8,399	129	120
France			
Lyxor MSCI India UCITS ETF	15,200	511	505
Hong Kong			
AIA Group Ltd.	40,400	380	609
China Resources Beer Holdings Co. Ltd.	16,000	162	151
CSPC Pharmaceutical Group Ltd.	14,000	24	20
Galaxy Entertainment Group Ltd.	16,000	127	143
Guangdong Investment Ltd.	78,000	146	108
Hong Kong Exchanges and Clearing Ltd.	5,100	229	298
iShares Core CSI 300 ETF	96,300	607	473
Link REIT	5,500	56	55
Sun Hung Kai Properties Ltd.	7,000	134	130

Far East Equity Fund S-038MF

Schedule of Investment Portfolio

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

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Global Common Stock (continued)			
Indonesia			
Bank Central Asia TBK PT	130,700	79	97
Bank Rakyat Indonesia Persero TBK PT	420,334	136	180
Telekomunikasi Indonesia TBK PT	556,800	157	181
Luxembourg			
Lyxor MSCI AC Asia-Pacific ex-Japan UCITS ETF	2,300	229	194
Malaysia			
Malayan Banking BHD	28,900	75	77
Public Bank BHD	133,300	266	177
Philippines			
AC Energy Corp.	7,470	1	1
BDO Unibank Inc.	30,000	86	77
International Container Terminal Services Inc.	13,000	36	63
SM Investments Corp.	2,800	55	62
Singapore			
CapitaLand Ascendas REIT	7,100	22	20
DBS Group Holdings Ltd.	5,100	142	175
Oversea-Chinese Banking Corp. Ltd.	7,400	80	91
Singapore Telecommunications Ltd.	56,300	130	146
United Overseas Bank Ltd.	5,400	134	168
South Korea			
E-MART Inc.	330	54	35
Hyundai Motor Co.	260	55	42
Kakao Corp.	1,330	39	77
KB Financial Group Inc.	2,040	118	106
Kia Motors Corp.	810	65	52
LG Chem Ltd.	110	58	71
Naver Corp.	300	52	58
POSCO Holdings Inc.	400	136	120
Samsung Electronics Co. Ltd.	13,250	565	795
Samsung Electronics Co. Ltd. Preference Shares	1,930	63	105
Samsung SDI Co. Ltd.	230	198	147
Shinhan Financial Group Co. Ltd.	2,620	91	99

Far East Equity Fund S-038MF

Schedule of Investment Portfolio

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

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Global Common Stock (continued)			
South Korea (continued)			
SK Hynix Inc.	1,230	103	101
S-Oil Corp.	1,140	107	103
Taiwan			
Andes Technology Corp.	1,000	11	22
ASE Technology Holding Co. Ltd.	11,000	35	45
China Steel Corp.	71,000	68	93
CTBC Financial Holding Co. Ltd.	81,000	82	79
Delta Electronics Inc.	8,000	90	101
E. Sun Financial Holding Co. Ltd.	31,043	40	33
First Financial Holding Co.	40,000	44	47
Hon Hai Precision Industry Co. Ltd.	79,000	294	348
MediaTek Inc.	4,000	57	110
Nan Ya Plastics Corp.	25,000	75	78
Taiwan Semiconductor Manufacturing Co. Ltd.	56,000	477	1,107
United Microelectronics Corp.	27,000	60	48
Thailand			
CP ALL PCL	36,600	88	98
Total Global Common Stock		15,444	16,290
Total Stocks		16,809	18,143
Transaction Costs (note 2)		(15)	
Total Investments		16,794	18,143

Far East Equity Fund S-038MF

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Far East Equity Fund S-038MF (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

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

B. Liquidity Risk

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

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

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

C. Currency Risk

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

Far East Equity Fund S-038MF

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2022 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2022

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
Hong Kong Dollar	\$ 6,715	\$ 6	\$ 6,721	\$ 67
Australian Dollar	3,020	24	3,044	31
New Taiwan Dollar	2,197	—	2,197	22
United States Dollar	2,182	7	2,189	22
Other Currencies	4,029	—	4,029	40
Total	\$ 18,143	\$ 37	\$ 18,180	\$ 182
As Percent of Net Assets Attributable to Contractholders			99.9%	1.0%

*Includes both monetary and non-monetary instruments

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
Hong Kong Dollar	\$ 7,588	\$ 15	\$ 7,603	\$ 76
United States Dollar	4,360	—	4,360	44
New Taiwan Dollar	3,770	103	3,873	39
Australian Dollar	3,522	24	3,546	35
Other Currencies	5,074	36	5,110	51
Total	\$ 24,314	\$ 178	\$ 24,492	\$ 245
As Percent of Net Assets Attributable to Contractholders			100.2%	1.0%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

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

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2022, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$181 (\$243 at December 31, 2021) or approximately 1.0% (1.0% at December 31, 2021) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

Far East Equity Fund S-038MF

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

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

		2022			
		Assets and Liabilities Measured at Fair Value			
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total	
Stocks	\$ 16,030	\$ 2,113	\$ —	\$ 18,143	
Derivatives	—	—	—	—	
Total assets measured at fair value	\$ 16,030	\$ 2,113	\$ —	\$ 18,143	
<u>Liabilities measured at fair value</u>					
Derivatives	\$ —	\$ —	\$ —	\$ —	
Net assets attributable to contractholders measured at fair value	\$ 16,030	\$ 2,113	\$ —	\$ 18,143	

		2021			
		Assets and Liabilities Measured at Fair Value			
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total	
Stocks	\$ 16,726	\$ 7,588	\$ —	\$ 24,314	
Derivatives	—	—	—	—	
Total assets measured at fair value	\$ 16,726	\$ 7,588	\$ —	\$ 24,314	
<u>Liabilities measured at fair value</u>					
Derivatives	\$ —	\$ —	\$ —	\$ —	
Net assets attributable to contractholders measured at fair value	\$ 16,726	\$ 7,588	\$ —	\$ 24,314	

In accordance with the Fund's valuation policy, the Fund applies fair value adjustment factors to the quoted market prices for certain non-North American equities when North American intraday stock market movements exceed predetermined tolerances. The adjustment factors are applied in order to estimate the impact on fair values of events occurring between the close of the non-North American stock markets and the close of business for the Fund. If fair value adjustment factors are applied, non-North American equities are classified as Level 2. Consequently, non-North American equities are frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices). As at December 31, 2022, these securities were classified as Level 2 (Level 2 at December 31, 2021).

Far East Equity Fund S-038MF

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

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

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Flex	101,812	110,088	130,315	149,192	166,956	1,686	2,096	2,669	2,614	2,612
Generations/Mosaic	413,027	482,964	558,132	700,257	888,938	6,756	9,082	11,291	12,119	13,733
Generations I	67,682	73,808	89,284	118,779	157,757	1,235	1,546	2,009	2,283	2,703
Generations II	79,623	97,853	107,522	119,807	176,149	919	1,303	1,547	1,478	1,946
Generations Core	47,042	55,498	57,347	59,819	94,606	601	812	901	801	1,127
75/75 guarantee policy	74,687	81,218	107,127	176,704	228,244	1,127	1,404	1,986	2,795	3,213
75/100 guarantee policy	169,222	187,580	232,104	402,625	432,129	2,514	3,199	4,253	6,301	6,029
100/100 guarantee policy	68,514	79,342	89,095	112,706	159,655	946	1,263	1,531	1,662	2,109
PS1 75/75 guarantee policy	40,481	91,957	101,552	170,292	127,957	672	1,741	2,053	2,924	1,947
PS1 75/100 guarantee policy	54,380	64,394	63,862	122,352	138,798	862	1,170	1,245	2,035	2,054
PS1 100/100 guarantee policy	20,037	19,048	19,633	20,544	33,402	300	328	364	327	475
PS2 75/75 guarantee policy	4,438	4,255	4,347	7,037	9,529	96	103	109	147	171
PS2 75/100 guarantee policy	8,051	11,439	12,353	24,471	32,149	174	276	310	509	578
PS2 100/100 guarantee policy	13,772	4,793	4,941	5,093	9,601	299	116	124	106	173
PS 75/100 guarantee policy	609	616	622	628	—	6	7	7	6	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
Flex	16.56	19.04	20.48	17.52	15.64	(2.48)	(1.44)
Generations/Mosaic	16.36	18.81	20.23	17.31	15.45	(2.45)	(1.42)
Generations I	18.25	20.95	22.50	19.22	17.14	(2.70)	(1.55)
Generations II	11.55	13.32	14.38	12.34	11.05	(1.77)	(1.06)
Generations Core	12.77	14.63	15.69	13.38	11.91	(1.86)	(1.06)
75/75 guarantee policy	15.09	17.29	18.54	15.82	14.08	(2.20)	(1.25)
75/100 guarantee policy	14.85	17.05	18.32	15.65	13.95	(2.20)	(1.27)
100/100 guarantee policy	13.81	15.92	17.19	14.75	13.21	(2.11)	(1.27)
PS1 75/75 guarantee policy	16.59	18.93	20.22	17.17	15.22	(2.34)	(1.29)
PS1 75/100 guarantee policy	15.86	18.18	19.50	16.63	14.80	(2.32)	(1.32)
PS1 100/100 guarantee policy	14.96	17.23	18.56	15.90	14.21	(2.27)	(1.33)
PS2 75/75 guarantee policy	21.69	24.13	25.13	20.82	17.99	(2.44)	(1.00)
PS2 75/100 guarantee policy	21.67	24.12	25.12	20.81	17.98	(2.45)	(1.00)
PS2 100/100 guarantee policy	21.69	24.14	25.14	20.82	18.00	(2.45)	(1.00)
PS 75/100 guarantee policy	9.86	11.20	11.90	10.06	—	(1.34)	(0.70)

Far East Equity Fund S-038MF

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

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

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

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

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

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

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

Far East Equity Fund S-038MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

Far East Equity Fund S-038MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

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

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

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

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

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

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

Far East Equity Fund S-038MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

c) **Stocks**

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

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

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

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

Far East Equity Fund S-038MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Derivatives

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

f) Classification of Units Issued by the Fund

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

g) Recognition of Investments and Income

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

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

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

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

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

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

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

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

Far East Equity Fund S-038MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency

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

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

Miscellaneous income (loss)

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

h) Offsetting of Financial Instruments

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

i) Amounts Due to/from Broker

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

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

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

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

j) Amounts Due to/from Outside Parties

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

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

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

k) Other Expenses

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

Far East Equity Fund S-038MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Income Allocation

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

m) Issue and Redemption of Units

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

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

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

n) Transaction Costs

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

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

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

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

Far East Equity Fund S-038MF

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

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

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

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

4. CAPITAL MANAGEMENT

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

5. INCOME TAXES

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

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

Far East Equity Fund S-038MF

Notes to the Financial Statements

(in Canadian \$ thousands)

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

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

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

7. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative contracts, including forward currency, futures and equity swap contracts, are valued at the gain or loss that would arise as a result of closing the position at the reporting date. Options are recorded at fair value as at the reporting date. The Fund may use derivative contracts to hedge against losses caused by changes in securities prices, interest rates, exchange rates and/or other risks. The Fund may also use derivative contracts for non-hedging purposes in order to invest indirectly in financial markets or to gain exposure to other currencies, provided the use of such derivatives is consistent with the Fund's investment objectives and strategies. Foreign currency risk and exposure may be direct or indirect and can include all or a portion of the currency exposure of an existing investment or group of investments. Any such gain or loss on derivative contracts is recorded as part of net gain (loss) on investments.

As at the reporting date, the unrealized gain (loss) on derivative contracts is reflected on the Statement of Financial Position of the Fund.

The Fund manages derivative credit risk through collateral arrangements where required. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented by the Fund regarding the acceptability of types of collateral and the valuation parameters. The Fund Manager monitors the value of the collateral and requests additional collateral when needed.

Far East Equity Fund S-038MF

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

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

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

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

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

Far East Equity Fund S-038MF

Supplemental Information *(unaudited)*

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

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
Flex	3.25	3.25	3.23	3.24	3.26
Generations/Mosaic	3.25	3.25	3.23	3.24	3.26
Generations I	3.11	3.11	3.09	3.10	3.17
Generations II	3.58	3.57	3.56	3.57	3.68
Generations Core	2.94	2.94	2.92	2.94	3.02
75/75 guarantee policy	2.95	2.95	2.93	2.94	3.01
75/100 guarantee policy	3.11	3.11	3.10	3.11	3.17
100/100 guarantee policy	3.58	3.57	3.56	3.57	3.67
PS1 75/75 guarantee policy	2.52	2.52	2.51	2.51	2.52
PS1 75/100 guarantee policy	2.96	2.95	2.95	2.95	2.97
PS1 100/100 guarantee policy	3.39	3.39	3.37	3.39	3.48
PS 75/100 guarantee policy	2.02	2.01	2.01	2.03	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	23.23	18.68	57.67	64.16	82.34

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

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

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
ENHANCED DIVIDEND FUND (LAKETON) SF039

December 31, 2022

Independent Auditor's Report

To the Contractholders of Enhanced Dividend Fund (Laketon) SF039 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Enhanced Dividend Fund (Laketon) SF039

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 11,542	\$ 16,599
Investment income due and accrued	5,204	5,863
Due from The Canada Life Assurance Company (note 7)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	—	—
Stocks	1,294,632	1,250,425
Investment fund units	—	—
Total investments	1,294,632	1,250,425
Total assets	\$ 1,311,378	\$ 1,272,887
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	525	324
Due to brokers	—	1,249
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	525	1,573
Net assets attributable to contractholders	\$ 1,310,853	\$ 1,271,314

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (16,590)	\$ 316,834
Miscellaneous income (loss)	470	80
Total income (loss)	(16,120)	316,914
Expenses		
Management fees (note 7)	27,191	23,608
Transaction costs	328	123
Withholding taxes	1	—
Other	2,782	2,415
Total expenses	30,302	26,146
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (46,422)	\$ 290,768

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 1,271,314	\$ 1,049,863
Contractholder deposits	223,271	107,462
Contractholder withdrawals	(137,310)	(176,779)
Increase (decrease) in net assets from operations attributable to contractholders	(46,422)	290,768
Change in net assets attributable to contractholders	39,539	221,451
Net assets attributable to contractholders - end of year	\$ 1,310,853	\$ 1,271,314

Enhanced Dividend Fund (Laketon) SF039

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (46,422)	\$ 290,768
Adjustments		
Realized (gains) losses	(58,596)	(43,545)
Unrealized (gains) losses	128,515	(228,375)
Gross proceeds of disposition of investments	181,560	131,405
Gross payments for the purchase of investments	(295,686)	(86,262)
Change in investment income due and accrued	659	(1,320)
Change in due from/to The Canada Life Assurance Company	201	48
Change in due from/to brokers	(1,249)	1,249
Change in due from/to outside parties	—	—
	<u>(91,018)</u>	<u>63,968</u>
Financing Activities		
Contractholder deposits	223,271	107,462
Contractholder withdrawals	(137,310)	(176,779)
	<u>85,961</u>	<u>(69,317)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(5,057)	(5,349)
Cash, short-term deposits and overdrafts, beginning of year	16,599	21,948
Cash, short-term deposits and overdrafts, end of year	\$ 11,542	\$ 16,599
Supplementary cash flow information		
Dividend income received	\$ 53,868	\$ 43,559

Enhanced Dividend Fund (Laketon) SF039

Schedule of Investment Portfolio

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

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock			
Communication Services			
BCE Inc.	1,079,465	51,790	64,217
Rogers Communications Inc. Class B non-voting	478,147	22,785	30,300
TELUS Corp.	2,136,697	31,848	55,832
Consumer Discretionary			
Canadian Tire Corp. Ltd. Class A non-voting	63,733	10,399	9,018
Magna International Inc.	152,623	7,300	11,609
Restaurant Brands International Inc.	249,336	19,371	21,834
Consumer Staples			
Alimentation Couche-Tard Inc.	455,226	15,654	27,086
Empire Co. Ltd. Class A non-voting	475,561	13,901	16,959
George Weston Ltd.	226,128	17,639	37,987
Saputo Inc.	289,406	6,449	9,701
Energy			
Cameco Corp.	194,096	6,232	5,957
Canadian Natural Resources Ltd.	613,337	30,428	46,117
Enbridge Inc.	1,085,793	51,998	57,460
Hydro One Ltd.	291,335	6,569	10,567
Imperial Oil Ltd.	124,244	8,165	8,194
Suncor Energy Inc.	1,353,234	45,416	58,121
TC Energy Corp.	764,921	46,462	41,290
Tourmaline Oil Corp.	286,049	17,451	19,543
Financials			
Bank of Montreal	685,858	46,018	84,127
Brookfield Asset Management Inc. Class A	120,525	5,200	4,673
Brookfield Corp.	588,319	28,444	25,051
Canadian Imperial Bank of Commerce	1,097,297	48,590	60,099
Manulife Financial Corp.	706,699	16,648	17,067
National Bank of Canada	169,895	8,947	15,500
Royal Bank of Canada	873,920	55,956	111,250
Sun Life Financial Inc.	652,147	26,006	40,987
The Bank of Nova Scotia	1,073,423	57,091	71,211
The Toronto-Dominion Bank	1,155,161	44,883	101,273

Enhanced Dividend Fund (Laketon) SF039

Schedule of Investment Portfolio

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

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Common Stock (continued)			
Industrials			
Canadian National Railway Co.	180,277	19,034	28,996
Canadian Pacific Railway Ltd.	289,265	27,222	29,201
GFL Environmental Inc.	187,069	6,756	7,397
Materials			
Agnico Eagle Mines Ltd.	423,811	28,533	29,819
Barrick Gold Corp.	830,974	22,036	19,287
Franco-Nevada Corp.	107,550	18,031	19,851
Nutrien Ltd.	325,978	20,179	32,223
Teck Resources Ltd. Class B	126,893	5,931	6,493
Real Estate			
Boardwalk REIT	299,499	8,783	14,804
Canadian Apartment Properties REIT	241,970	11,183	10,327
First Capital REIT	430,424	8,857	7,235
Granite REIT Holdings LP	98,906	8,227	6,832
Utilities			
Capital Power Corp.	274,979	6,754	12,740
TransAlta Corp.	528,209	6,753	6,397
Total Canadian Common Stock		945,919	1,294,632
Total Stocks		945,919	1,294,632
Transaction Costs (note 2)		(621)	
Total Investments		945,298	1,294,632

Enhanced Dividend Fund (Laketon) SF039

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Enhanced Dividend Fund (Laketon) SF039 (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

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

B. Liquidity Risk

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

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

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

C. Currency Risk

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

Enhanced Dividend Fund (Laketon) SF039

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2022 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2022

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ —	\$ 838	\$ 838	\$ 8
Total	\$ —	\$ 838	\$ 838	\$ 8
As Percent of Net Assets Attributable to Contractholders				0.1%

*Includes both monetary and non-monetary instruments

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ —	\$ 1,411	\$ 1,411	\$ 14
Total	\$ —	\$ 1,411	\$ 1,411	\$ 14
As Percent of Net Assets Attributable to Contractholders				0.1%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

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

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2022, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$12,946 (\$12,504 at December 31, 2021) or approximately 1.0% (1.0% at December 31, 2021) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

Enhanced Dividend Fund (Laketon) SF039

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

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

<u>Assets measured at fair value</u>	2022			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 1,294,632	\$ —	\$ —	\$ 1,294,632
Total assets measured at fair value	\$ 1,294,632	\$ —	\$ —	\$ 1,294,632

<u>Assets measured at fair value</u>	2021			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 1,250,425	\$ —	\$ —	\$ 1,250,425
Total assets measured at fair value	\$ 1,250,425	\$ —	\$ —	\$ 1,250,425

There were no significant transfers between Level 1 and Level 2 during 2022 or 2021.

Enhanced Dividend Fund (Laketon) SF039

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

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

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Flex	611,770	671,491	738,153	844,825	946,234	35,246	40,138	34,363	41,637	41,139
Generations/Mosaic	4,652,951	5,083,192	5,855,385	6,767,471	7,790,729	260,921	295,736	265,306	324,635	329,674
Generations I	2,375,569	2,664,635	3,165,843	3,810,175	4,294,833	54,659	63,623	58,883	75,045	74,638
Generations II	658,304	702,170	785,783	1,007,124	1,159,815	12,822	14,260	12,490	17,032	17,388
Generations Core	1,324,220	1,470,872	1,717,111	2,006,369	2,368,367	27,951	32,183	29,234	36,133	37,592
Group	—	—	—	—	959,688	—	—	—	—	—
75/75 guarantee policy	3,612,334	3,102,125	3,096,813	2,930,874	2,659,709	87,737	78,105	60,673	60,742	48,585
75/100 guarantee policy	11,428,720	10,019,652	10,372,798	10,553,982	9,962,085	274,715	249,942	201,568	217,188	180,893
100/100 guarantee policy	1,198,067	1,222,857	1,285,289	1,469,518	1,508,642	27,055	28,792	23,685	28,813	26,223
PS1 75/75 guarantee policy	2,465,681	1,810,628	1,472,415	1,338,704	1,258,457	52,651	39,930	25,173	24,120	19,910
PS1 75/100 guarantee policy	13,588,482	10,541,766	9,095,049	8,738,758	7,625,518	283,597	227,720	152,645	154,907	118,959
PS1 100/100 guarantee policy	1,408,809	1,395,692	1,268,465	1,182,437	1,101,125	28,333	29,149	20,651	20,399	16,773
PS2 75/75 guarantee policy	631,059	603,641	624,763	575,773	694,405	16,943	16,383	12,866	12,230	12,678
PS2 75/100 guarantee policy	1,572,847	1,506,673	1,733,767	2,055,607	1,962,570	42,224	40,887	35,700	43,659	35,826
PS2 100/100 guarantee policy	150,391	102,415	60,651	43,938	45,033	4,036	2,778	1,248	933	822
PS 75/75 guarantee policy	167,866	97,434	87,365	42,533	1,493	2,080	1,238	854	435	13
PS 75/100 guarantee policy	332,847	200,546	178,722	137,001	5,840	4,104	2,538	1,743	1,399	52
PS 100/100 guarantee policy	21,288	4,345	4,015	7,227	—	257	54	39	73	—
PPS 75/75 guarantee policy	184,862	113,745	98,599	22,015	—	2,329	1,464	973	226	—
PPS 75/100 guarantee policy	453,189	353,971	176,089	201,107	75,846	5,654	4,521	1,728	2,062	677
PPS 100/100 guarantee policy	2,814	1,783	842	37,127	44,064	35	23	8	379	393

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
Flex	57.61	59.77	46.55	49.29	43.48	(2.16)	13.22
Generations/Mosaic	56.08	58.18	45.31	47.97	42.32	(2.10)	12.87
Generations I	23.01	23.88	18.60	19.70	17.38	(0.87)	5.28
Generations II	19.48	20.31	15.89	16.91	14.99	(0.83)	4.42
Generations Core	21.11	21.88	17.03	18.01	15.87	(0.77)	4.85
Group	—	—	—	—	—	—	—
75/75 guarantee policy	24.29	25.18	19.59	20.73	18.27	(0.89)	5.59
75/100 guarantee policy	24.04	24.95	19.43	20.58	18.16	(0.91)	5.52
100/100 guarantee policy	22.58	23.55	18.43	19.61	17.38	(0.97)	5.12
PS1 75/75 guarantee policy	21.35	22.05	17.10	18.02	15.82	(0.70)	4.95
PS1 75/100 guarantee policy	20.87	21.60	16.78	17.73	15.60	(0.73)	4.82
PS1 100/100 guarantee policy	20.11	20.89	16.28	17.25	15.23	(0.78)	4.61
PS2 75/75 guarantee policy	26.85	27.14	20.59	21.24	18.26	(0.29)	6.55
PS2 75/100 guarantee policy	26.85	27.14	20.59	21.24	18.25	(0.29)	6.55
PS2 100/100 guarantee policy	26.83	27.13	20.58	21.23	18.25	(0.30)	6.55
PS 75/75 guarantee policy	12.39	12.70	9.78	10.23	8.92	(0.31)	2.92
PS 75/100 guarantee policy	12.33	12.65	9.75	10.21	8.91	(0.32)	2.90
PS 100/100 guarantee policy	12.07	12.45	9.64	10.14	—	(0.38)	2.81
PPS 75/75 guarantee policy	12.60	12.87	9.87	10.29	—	(0.27)	3.00
PPS 75/100 guarantee policy	12.48	12.77	9.81	10.25	8.92	(0.29)	2.96
PPS 100/100 guarantee policy	12.29	12.62	9.73	10.20	8.91	(0.33)	2.89

Enhanced Dividend Fund (Laketon) SF039

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

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

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

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

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

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

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

Enhanced Dividend Fund (Laketon) SF039

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

Enhanced Dividend Fund (Laketon) SF039

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

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

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

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

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

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

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

Enhanced Dividend Fund (Laketon) SF039

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

c) **Stocks**

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

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

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

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

Enhanced Dividend Fund (Laketon) SF039

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Classification of Units Issued by the Fund

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

f) Recognition of Investments and Income

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

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

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

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

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

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

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

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

Foreign currency

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

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

Miscellaneous income (loss)

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

Enhanced Dividend Fund (Laketon) SF039

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Offsetting of Financial Instruments

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

h) Amounts Due to/from Broker

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

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

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

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

i) Amounts Due to/from Outside Parties

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

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

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

j) Other Expenses

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

k) Income Allocation

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

l) Issue and Redemption of Units

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

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

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Enhanced Dividend Fund (Laketon) SF039

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Enhanced Dividend Fund (Laketon) SF039

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

Portfolio units are those units owned by the Asset Allocation Funds. Each Portfolio fund is represented by a separate category.

Group units are available to Canadian Group Registered and Non-Registered Plans, Group Registered Retirement Savings Plans, Deferred Profit Sharing Plans, and certain Money Purchase Plans.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

The NAV per unit for group contractholders has not been shown because it will vary for each sub-class within the group contractholder class based on negotiated expense levels and other factors.

Enhanced Dividend Fund (Laketon) SF039

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Enhanced Dividend Fund (Laketon) SF039

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
Flex	2.60	2.60	2.61	2.61	2.62
Generations/Mosaic	2.60	2.61	2.61	2.61	2.62
Generations I	2.63	2.63	2.63	2.63	2.65
Generations II	3.10	3.10	3.10	3.11	3.12
Generations Core	2.52	2.52	2.52	2.52	2.56
75/75 guarantee policy	2.51	2.52	2.52	2.52	2.55
75/100 guarantee policy	2.62	2.63	2.63	2.63	2.65
100/100 guarantee policy	3.10	3.10	3.10	3.10	3.12
PS1 75/75 guarantee policy	2.14	2.14	2.15	2.15	2.16
PS1 75/100 guarantee policy	2.36	2.36	2.37	2.37	2.38
PS1 100/100 guarantee policy	2.69	2.69	2.70	2.70	2.71
PS 75/75 guarantee policy	1.41	1.42	1.42	1.41	1.42
PS 75/100 guarantee policy	1.52	1.53	1.53	1.53	1.53
PS 100/100 guarantee policy	2.00	2.00	2.01	2.00	—
PPS 75/75 guarantee policy	1.04	1.04	1.04	1.05	—
PPS 75/100 guarantee policy	1.26	1.26	1.27	1.27	1.27
PPS 100/100 guarantee policy	1.59	1.59	1.63	1.60	1.60

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	13.75	7.48	12.65	7.69	5.82

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
GLOBAL EQUITY FUND (TRIMARK) SF051

December 31, 2022

Independent Auditor's Report

To the Contractholders of Global Equity Fund (Trimark) SF051 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Global Equity Fund (Trimark) SF051

(in Canadian \$ thousands)

Fund Manager: Invesco Canada Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	25	147
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	59,793	76,675
Total investments	59,793	76,675
Total assets	\$ 59,818	\$ 76,822
Liabilities		
Overdrafts	\$ 31	\$ 164
Due to The Canada Life Assurance Company (note 8)	21	51
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	52	215
Net assets attributable to contractholders	\$ 59,766	\$ 76,607

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (12,131)	\$ 11,960
Miscellaneous income (loss)	—	—
Total income (loss)	(12,131)	11,960
Expenses		
Management fees (note 8)	1,481	1,796
Other	161	191
Total expenses	1,642	1,987
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (13,773)	\$ 9,973

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year		
	\$ 76,607	\$ 105,698
Contractholder deposits	4,259	5,947
Contractholder withdrawals	(7,327)	(45,011)
Increase (decrease) in net assets from operations attributable to contractholders	(13,773)	9,973
Change in net assets attributable to contractholders	(16,841)	(29,091)
Net assets attributable to contractholders - end of year	\$ 59,766	\$ 76,607

Global Equity Fund (Trimark) SF051

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (13,773)	\$ 9,973
Adjustments		
Realized (gains) losses	(2,025)	(16,215)
Unrealized (gains) losses	14,836	8,439
Gross proceeds of disposition of investments	7,796	44,436
Gross payments for the purchase of investments	(3,045)	(3,366)
Distribution income of underlying mutual fund	(680)	(4,184)
Change in due from/to The Canada Life Assurance Company	(30)	(8)
Change in due from/to brokers	122	(163)
	<u>3,201</u>	<u>38,912</u>
Financing Activities		
Contractholder deposits	4,259	5,947
Contractholder withdrawals	(7,327)	(45,011)
	<u>(3,068)</u>	<u>(39,064)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	133	(152)
Cash, short-term deposits and overdrafts, beginning of year	(164)	(12)
Cash, short-term deposits and overdrafts, end of year	\$ (31)	\$ (164)

Global Equity Fund (Trimark) SF051

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Invesco Global Companies Fund Series I	784,658	46,341	59,793
Total Investments		46,341	59,793

Top 25 Holdings

Security Description	% of Total
Canadian Dollar Cash Management Fund Series I	6.24%
Visa Inc. Class A	5.57%
British American Tobacco PLC	5.38%
Microsoft Corp.	4.59%
SAP SE	4.34%
London Stock Exchange Group PLC	4.29%
Honeywell International Inc.	4.17%
Analog Devices Inc.	4.13%
AIA Group Ltd.	4.08%
Aon Corp.	3.90%
Alphabet Inc. Class A	3.89%
Anheuser-Busch InBev SA non-voting ADR	3.87%
Temenos AG	3.66%
Becton, Dickinson and Co.	3.62%
KION Group AG	3.47%
Roche Holding AG	3.06%
LVMH Moet Hennessy Louis Vuitton SE	3.02%
Aptiv PLC	2.97%
Charter Communications Inc.	2.92%
Accenture PLC Class A	2.83%
Topicus.com Inc.	2.65%
Sabre Corp.	2.60%
Zoetis Inc.	2.47%
Kone OYJ	2.45%
The Walt Disney Co.	1.89%

Global Equity Fund (Trimark) SF051

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 4 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Generations/Mosaic	669,156	757,929	868,800	1,022,466	1,156,756	17,062	23,873	24,454	28,464	26,991
Generations I	101,234	113,989	137,140	162,644	194,145	1,933	2,678	2,868	3,351	3,340
Generations II	5,769	13,187	8,281	11,632	14,189	91	258	145	201	206
Generations Core	46,522	55,092	52,198	75,088	77,761	800	1,163	979	1,386	1,196
75/75 guarantee policy	123,935	138,770	146,345	205,338	155,491	3,011	4,142	3,882	5,357	3,381
75/100 guarantee policy	416,960	438,139	501,858	552,530	507,725	9,919	12,826	13,077	14,185	10,883
100/100 guarantee policy	68,472	72,926	75,311	88,559	96,540	1,551	2,041	1,883	2,190	2,001
PS1 75/75 guarantee policy	85,024	75,091	57,598	53,789	42,629	1,937	2,091	1,418	1,296	852
PS1 75/100 guarantee policy	340,670	332,845	268,588	247,502	200,241	7,486	8,969	6,420	5,808	3,910
PS1 100/100 guarantee policy	33,915	29,602	28,706	27,214	23,071	711	764	660	617	437
PS2 75/75 guarantee policy	34,053	34,499	35,294	33,067	24,655	1,029	1,241	1,093	976	588
PS2 75/100 guarantee policy	109,865	109,891	106,141	74,634	65,645	3,320	3,952	3,287	2,202	1,564
PS2 100/100 guarantee policy	120	124	127	131	135	4	4	4	4	3
PS 75/75 guarantee policy	3,335	3,153	914	922	—	35	40	10	10	—
PS 75/100 guarantee policy	4,243	6,077	740	2,389	—	44	77	8	26	—
PPS 75/75 guarantee policy	1,920	2,219	—	—	—	21	29	—	—	—
PPS 75/100 guarantee policy	8,029	5,709	—	6,296	6,193	85	73	—	69	56

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
Generations/Mosaic	25.50	31.50	28.15	27.84	23.33	(6.00)	3.35
Generations I	19.09	23.50	20.92	20.61	17.20	(4.41)	2.58
Generations II	15.84	19.56	17.48	17.29	14.49	(3.72)	2.08
Generations Core	17.19	21.11	18.76	18.46	15.38	(3.92)	2.35
75/75 guarantee policy	24.30	29.85	26.53	26.09	21.75	(5.55)	3.32
75/100 guarantee policy	23.79	29.27	26.06	25.67	21.43	(5.48)	3.21
100/100 guarantee policy	22.65	27.98	25.00	24.73	20.73	(5.33)	2.98
PS1 75/75 guarantee policy	22.78	27.84	24.62	24.09	19.97	(5.06)	3.22
PS1 75/100 guarantee policy	21.97	26.95	23.90	23.47	19.52	(4.98)	3.05
PS1 100/100 guarantee policy	20.96	25.82	23.01	22.69	18.96	(4.86)	2.81
PS2 75/75 guarantee policy	30.22	35.97	30.97	29.51	23.83	(5.75)	5.00
PS2 75/100 guarantee policy	30.22	35.97	30.97	29.51	23.83	(5.75)	5.00
PS2 100/100 guarantee policy	30.18	35.91	30.92	29.47	23.79	(5.73)	4.99
PS 75/75 guarantee policy	10.54	12.81	11.26	10.95	—	(2.27)	1.55
PS 75/100 guarantee policy	10.47	12.74	11.21	10.93	—	(2.27)	1.53
PPS 75/75 guarantee policy	10.73	12.97	—	—	—	(2.24)	1.63
PPS 75/100 guarantee policy	10.57	12.82	—	10.98	9.04	(2.25)	1.57

Global Equity Fund (Trimark) SF051

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Global Equity Fund (Trimark) SF051 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Global Equity Fund (Trimark) SF051

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Global Equity Fund (Trimark) SF051

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Global Equity Fund (Trimark) SF051

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

Global Equity Fund (Trimark) SF051

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

Global Equity Fund (Trimark) SF051

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Global Equity Fund (Trimark) SF051

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

Global Equity Fund (Trimark) SF051

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Portfolio units are those units owned by the Asset Allocation Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Global Equity Fund (Trimark) SF051

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.

Global Equity Fund (Trimark) SF051

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Global Equity Fund (Trimark) SF051

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
Generations/Mosaic	3.73	3.72	3.72	3.73	3.75
Generations I	3.35	3.34	3.33	3.35	3.36
Generations II	3.73	3.71	3.72	3.73	3.75
Generations Core	3.18	3.16	3.17	3.18	3.19
75/75 guarantee policy	3.18	3.17	3.17	3.18	3.19
75/100 guarantee policy	3.34	3.34	3.33	3.34	3.35
100/100 guarantee policy	3.73	3.72	3.72	3.73	3.74
PS1 75/75 guarantee policy	2.66	2.65	2.65	2.66	2.66
PS1 75/100 guarantee policy	2.99	2.98	2.98	2.99	3.01
PS1 100/100 guarantee policy	3.43	3.42	3.42	3.44	3.44
PS 75/75 guarantee policy	2.07	2.05	2.06	2.05	—
PS 75/100 guarantee policy	2.24	2.23	2.24	2.22	—
PPS 75/75 guarantee policy	1.56	1.53	—	—	—
PPS 75/100 guarantee policy	1.88	1.86	—	1.89	1.88

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	4.72	4.11	23.78	10.67	7.04

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
CANADIAN EQUITY FUND (TRIMARK) SF052

December 31, 2022

Independent Auditor's Report

To the Contractholders of Canadian Equity Fund (Trimark) SF052 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Canadian Equity Fund (Trimark) SF052

(in Canadian \$ thousands)

Fund Manager: Cranston, Gaskin, O'Reilly & Vernon

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	10	1
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	5,670	6,713
Total investments	5,670	6,713
Total assets	\$ 5,680	\$ 6,714
Liabilities		
Overdrafts	\$ 52	\$ 1
Due to The Canada Life Assurance Company (note 8)	3	16
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	55	17
Net assets attributable to contractholders	\$ 5,625	\$ 6,697

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (96)	\$ 1,546
Miscellaneous income (loss)	—	—
Total income (loss)	(96)	1,546
Expenses		
Management fees (note 8)	181	194
Other	20	21
Total expenses	201	215
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (297)	\$ 1,331

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year		
	\$ 6,697	\$ 6,240
Contractholder deposits	62	54
Contractholder withdrawals	(837)	(928)
Increase (decrease) in net assets from operations attributable to contractholders	(297)	1,331
Change in net assets attributable to contractholders	(1,072)	457
Net assets attributable to contractholders - end of year	\$ 5,625	\$ 6,697

Canadian Equity Fund (Trimark) SF052

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (297)	\$ 1,331
Adjustments		
Realized (gains) losses	(170)	(147)
Unrealized (gains) losses	408	(1,239)
Gross proceeds of disposition of investments	1,065	1,300
Gross payments for the purchase of investments	(118)	(220)
Distribution income of underlying mutual fund	(142)	(160)
Change in due from/to The Canada Life Assurance Company	(13)	14
Change in due from/to brokers	(9)	9
	<u>724</u>	<u>888</u>
Financing Activities		
Contractholder deposits	62	54
Contractholder withdrawals	(837)	(928)
	<u>(775)</u>	<u>(874)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(51)	14
Cash, short-term deposits and overdrafts, beginning of year	<u>(1)</u>	<u>(15)</u>
Cash, short-term deposits and overdrafts, end of year	<u>\$ (52)</u>	<u>\$ (1)</u>

Canadian Equity Fund (Trimark) SF052

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Fiera Canadian Dividend Plus Fund Series F	226,742	4,725	5,670
Total Investments		4,725	5,670

Top 25 Holdings

Security Description	% of Total
Royal Bank of Canada	4.73%
The Toronto-Dominion Bank	4.65%
Canadian Pacific Railway Ltd.	4.54%
PepsiCo Inc.	4.42%
TELUS Corp.	4.33%
Costco Wholesale Corp.	4.20%
Metro Inc.	4.11%
Bank of Montreal	4.02%
Visa Inc. Class A	3.92%
McDonald's Corp.	3.83%
Intact Financial Corp.	3.59%
Constellation Software Inc.	3.57%
National Bank of Canada	3.53%
Canadian National Railway Co.	3.38%
The TJX Companies Inc.	3.35%
Loblaw Companies Ltd.	3.29%
Restaurant Brands International Inc.	3.24%
FactSet Research Systems Inc.	3.08%
Alimentation Couche-Tard Inc.	3.07%
TMX Group Ltd.	3.05%
Nestle SA	2.89%
Accenture PLC Class A	2.82%
Unilever PLC ADR	2.70%
Thomson Reuters Corp.	2.62%
Toromont Industries Ltd.	2.45%

Canadian Equity Fund (Trimark) SF052

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Generations/Mosaic	154,427	175,407	203,575	229,758	264,877	3,224	3,839	3,637	4,252	4,483
Generations I	25,036	26,322	29,043	35,902	39,307	328	361	324	415	414
Generations II	5,349	5,535	5,258	5,210	7,308	67	73	56	58	74
Generations Core	11,555	11,879	13,999	13,960	15,582	155	165	158	162	165
75/75 guarantee policy	13,664	14,304	17,398	18,653	22,443	206	225	222	245	267
75/100 guarantee policy	20,277	23,402	25,840	34,683	37,962	295	356	320	444	444
100/100 guarantee policy	38,208	48,499	53,474	59,413	47,266	539	717	646	743	541
PS1 75/75 guarantee policy	3,823	3,314	1,620	1,966	1,882	61	55	22	27	23
PS1 75/100 guarantee policy	7,477	7,885	12,863	9,106	23,361	117	128	169	122	285
PS1 100/100 guarantee policy	31,567	34,391	37,848	32,600	31,114	475	539	482	427	371
PS2 75/75 guarantee policy	—	—	—	5,791	5,928	—	—	—	95	86
PS2 75/100 guarantee policy	3,441	5,825	6,595	9,462	19,290	71	122	109	156	280
PS2 100/100 guarantee policy	4,228	5,589	5,760	5,405	5,911	87	117	95	89	86

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
Generations/Mosaic	20.88	21.89	17.87	18.51	16.93	(1.01)	4.02
Generations I	13.11	13.72	11.17	11.55	10.54	(0.61)	2.55
Generations II	12.51	13.12	10.71	11.09	10.15	(0.61)	2.41
Generations Core	13.38	13.93	11.30	11.63	10.56	(0.55)	2.63
75/75 guarantee policy	15.10	15.72	12.75	13.12	11.92	(0.62)	2.97
75/100 guarantee policy	14.54	15.21	12.39	12.80	11.69	(0.67)	2.82
100/100 guarantee policy	14.11	14.79	12.08	12.51	11.44	(0.68)	2.71
PS1 75/75 guarantee policy	15.96	16.54	13.35	13.67	12.37	(0.58)	3.19
PS1 75/100 guarantee policy	15.59	16.20	13.10	13.45	12.19	(0.61)	3.10
PS1 100/100 guarantee policy	15.05	15.69	12.73	13.11	11.92	(0.64)	2.96
PS2 75/75 guarantee policy	—	—	—	16.45	14.52	—	—
PS2 75/100 guarantee policy	20.68	20.91	16.46	16.45	14.52	(0.23)	4.45
PS2 100/100 guarantee policy	20.68	20.91	16.46	16.45	14.52	(0.23)	4.45

Canadian Equity Fund (Trimark) SF052

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Canadian Equity Fund (Trimark) SF052 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Canadian Equity Fund (Trimark) SF052

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Canadian Equity Fund (Trimark) SF052

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Canadian Equity Fund (Trimark) SF052

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

Canadian Equity Fund (Trimark) SF052

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

Canadian Equity Fund (Trimark) SF052

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Canadian Equity Fund (Trimark) SF052

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

Canadian Equity Fund (Trimark) SF052

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Canadian Equity Fund (Trimark) SF052

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.

Canadian Equity Fund (Trimark) SF052

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Canadian Equity Fund (Trimark) SF052

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
Generations/Mosaic	3.63	3.62	3.62	3.61	3.67
Generations I	3.41	3.40	3.40	3.39	3.45
Generations II	3.63	3.61	3.62	3.62	3.67
Generations Core	2.97	2.96	2.96	2.95	3.11
75/75 guarantee policy	2.97	2.96	2.96	2.95	3.09
75/100 guarantee policy	3.41	3.40	3.40	3.39	3.46
100/100 guarantee policy	3.63	3.62	3.62	3.61	3.65
PS1 75/75 guarantee policy	2.48	2.47	2.49	2.49	2.55
PS1 75/100 guarantee policy	2.71	2.71	2.70	2.73	2.76
PS1 100/100 guarantee policy	3.04	3.03	3.04	3.04	3.06

Unsubsidized Management Expense Ratio (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
PS1 75/75 guarantee policy	2.50	2.47	2.49	2.49	2.55
PS1 75/100 guarantee policy	2.73	2.71	2.70	2.73	2.76
PS1 100/100 guarantee policy	3.06	3.03	3.04	3.04	3.06

Portfolio Turnover Rate (%) ⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	1.93	3.41	3.60	6.12	13.14

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
BALANCED FUND (TRIMARK) SF054

December 31, 2022

Independent Auditor's Report

To the Contractholders of Balanced Fund (Trimark) SF054 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Balanced Fund (Trimark) SF054

(in Canadian \$ thousands)

Fund Manager: Invesco Canada Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ 317
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	1	185
Due from brokers	225	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	221,405	246,997
Total investments	221,405	246,997
Total assets	\$ 221,631	\$ 247,499
Liabilities		
Overdrafts	\$ 64	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	189
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	64	189
Net assets attributable to contractholders	\$ 221,567	\$ 247,310

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (37,156)	\$ 45,954
Miscellaneous income (loss)	—	—
Total income (loss)	(37,156)	45,954
Expenses		
Management fees (note 8)	5,941	4,974
Other	628	529
Total expenses	6,569	5,503
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (43,725)	\$ 40,451

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year		
	\$ 247,310	\$ 142,669
Contractholder deposits	43,042	81,316
Contractholder withdrawals	(25,060)	(17,126)
Increase (decrease) in net assets from operations attributable to contractholders	(43,725)	40,451
Change in net assets attributable to contractholders	(25,743)	104,641
Net assets attributable to contractholders - end of year	\$ 221,567	\$ 247,310

Balanced Fund (Trimark) SF054

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (43,725)	\$ 40,451
Adjustments		
Realized (gains) losses	(3,787)	(1,532)
Unrealized (gains) losses	45,964	(31,458)
Gross proceeds of disposition of investments	24,306	5,417
Gross payments for the purchase of investments	(35,870)	(64,289)
Distribution income of underlying mutual fund	(5,021)	(12,964)
Change in due from/to The Canada Life Assurance Company	184	328
Change in due from/to brokers	(414)	182
	<u>(18,363)</u>	<u>(63,865)</u>
Financing Activities		
Contractholder deposits	43,042	81,316
Contractholder withdrawals	(25,060)	(17,126)
	<u>17,982</u>	<u>64,190</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(381)	325
Cash, short-term deposits and overdrafts, beginning of year	317	(8)
Cash, short-term deposits and overdrafts, end of year	\$ (64)	\$ 317

Balanced Fund (Trimark) SF054

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Invesco Income Growth Fund Series I	10,767,679	201,227	221,405
Total Investments		201,227	221,405

Top 25 Holdings

Security Description	% of Total
Brookfield Corp.	5.81%
Royal Bank of Canada	4.09%
Onex Corp. sub. voting	4.03%
Aon Corp.	3.99%
UnitedHealth Group Inc.	3.76%
Canadian Natural Resources Ltd.	3.52%
Alphabet Inc. Class C	3.46%
CGI Group Inc. Class A sub. voting	3.33%
The Bank of Nova Scotia	3.00%
Open Text Corp.	2.98%
ICON PLC	2.87%
Colliers International Group Inc.	2.79%
Fairfax Financial Holdings Ltd. sub. voting	2.74%
TELUS Corp.	2.73%
Berkshire Hathaway Inc. Class B	2.52%
Liberty Broadband Corp. non-voting	2.47%
BRP Inc.	2.34%
Meta Platforms Inc.	2.04%
Univar Solutions Inc.	2.02%
Toromont Industries Ltd.	2.00%
Deere & Co.	1.92%
Texas Instruments Inc.	1.82%
Power Corp. of Canada sub. voting *	1.80%
Marriott International Inc. Class A	1.57%
CarMax Inc.	1.44%

*The issuer of this security is a related company to the issuer of the Fund.

Balanced Fund (Trimark) SF054

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Generations/Mosaic	1,188,819	1,304,589	1,321,583	1,556,432	1,790,003	34,224	45,519	37,021	42,510	42,707
Generations I	804,705	995,667	1,081,351	1,270,957	1,488,177	14,109	21,051	18,262	20,821	21,189
Generations II	76,442	89,772	93,230	235,542	255,931	1,252	1,776	1,476	3,622	3,427
Generations Core	118,614	131,375	134,170	188,198	264,014	2,011	2,682	2,185	2,968	3,613
75/75 guarantee policy	771,980	702,776	530,933	473,149	481,089	14,411	15,796	9,517	8,215	7,248
75/100 guarantee policy	5,150,449	4,392,442	2,753,511	3,089,939	2,923,584	95,136	97,839	48,991	53,331	43,856
100/100 guarantee policy	238,202	242,298	138,256	174,928	190,217	4,297	5,280	2,410	2,963	2,805
PS1 75/75 guarantee policy	385,188	317,976	186,569	127,314	129,662	7,328	7,246	3,373	2,218	1,950
PS1 75/100 guarantee policy	1,576,580	1,263,967	713,248	1,334,742	1,180,571	29,525	28,401	12,737	23,005	17,596
PS1 100/100 guarantee policy	112,919	280,326	76,666	58,998	78,358	2,061	6,154	1,341	998	1,149
PS2 75/75 guarantee policy	79,312	83,097	24,526	20,116	14,815	1,932	2,369	542	419	260
PS2 75/100 guarantee policy	218,674	198,551	145,042	144,661	146,145	5,334	5,668	3,210	3,014	2,569
PS 75/75 guarantee policy	18,737	19,823	6,743	3,971	—	218	275	74	42	—
PS 75/100 guarantee policy	802,614	496,718	125,443	96,350	52,421	9,291	6,858	1,368	1,008	472
PPS 75/75 guarantee policy	26,045	24,085	11,382	—	—	309	338	125	—	—
PPS 75/100 guarantee policy	10,977	4,125	3,409	11,510	11,295	129	58	37	121	102

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
Generations/Mosaic	28.79	34.89	28.01	27.31	23.86	(6.10)	6.88
Generations I	17.53	21.14	16.89	16.38	14.24	(3.61)	4.25
Generations II	16.38	19.78	15.83	15.38	13.39	(3.40)	3.95
Generations Core	16.96	20.42	16.28	15.77	13.69	(3.46)	4.14
75/75 guarantee policy	18.67	22.48	17.93	17.36	15.07	(3.81)	4.55
75/100 guarantee policy	18.47	22.27	17.79	17.26	15.00	(3.80)	4.48
100/100 guarantee policy	18.04	21.79	17.43	16.94	14.75	(3.75)	4.36
PS1 75/75 guarantee policy	19.02	22.79	18.08	17.42	15.04	(3.77)	4.71
PS1 75/100 guarantee policy	18.73	22.47	17.86	17.24	14.90	(3.74)	4.61
PS1 100/100 guarantee policy	18.26	21.95	17.49	16.91	14.66	(3.69)	4.46
PS2 75/75 guarantee policy	24.36	28.51	22.10	20.81	17.55	(4.15)	6.41
PS2 75/100 guarantee policy	24.39	28.55	22.13	20.84	17.58	(4.16)	6.42
PS 75/75 guarantee policy	11.66	13.88	10.95	10.49	—	(2.22)	2.93
PS 75/100 guarantee policy	11.58	13.81	10.91	10.46	8.99	(2.23)	2.90
PPS 75/75 guarantee policy	11.86	14.05	11.03	—	—	(2.19)	3.02
PPS 75/100 guarantee policy	11.77	13.97	10.98	10.54	9.02	(2.20)	2.99

Balanced Fund (Trimark) SF054

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Balanced Fund (Trimark) SF054 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Balanced Fund (Trimark) SF054

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Balanced Fund (Trimark) SF054

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Balanced Fund (Trimark) SF054

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

Balanced Fund (Trimark) SF054

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

Balanced Fund (Trimark) SF054

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Balanced Fund (Trimark) SF054

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

Balanced Fund (Trimark) SF054

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Balanced Fund (Trimark) SF054

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.

Balanced Fund (Trimark) SF054

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Balanced Fund (Trimark) SF054

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
Generations/Mosaic	3.50	3.50	3.50	3.51	3.52
Generations I	2.99	2.99	2.99	3.00	3.09
Generations II	3.16	3.16	3.18	3.16	3.27
Generations Core	2.84	2.84	2.84	2.84	2.97
75/75 guarantee policy	2.83	2.83	2.84	2.84	2.95
75/100 guarantee policy	2.98	2.98	2.99	2.99	3.07
100/100 guarantee policy	3.16	3.14	3.16	3.16	3.25
PS1 75/75 guarantee policy	2.32	2.31	2.32	2.32	2.33
PS1 75/100 guarantee policy	2.48	2.48	2.50	2.49	2.49
PS1 100/100 guarantee policy	2.71	2.71	2.71	2.71	2.72
PS 75/75 guarantee policy	1.73	1.72	1.73	1.72	—
PS 75/100 guarantee policy	1.88	1.87	1.88	1.89	1.88
PPS 75/75 guarantee policy	1.21	1.21	1.22	—	—
PPS 75/100 guarantee policy	1.37	1.38	1.41	1.38	1.38

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	10.35	2.86	5.23	7.00	13.25

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
INDEXED CANADIAN BOND FUND (TDQC) SF079

December 31, 2022

Independent Auditor's Report

To the Contractholders of Indexed Canadian Bond Fund (TDQC) SF079 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Indexed Canadian Bond Fund (TDQC) SF079

(in Canadian \$ thousands)

Fund Manager: TD Asset Management Inc.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ 10
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	6	—
Due from brokers	7	2
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	10,907	14,829
Total investments	10,907	14,829
Total assets	\$ 10,920	\$ 14,841
Liabilities		
Overdrafts	\$ 9	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	9	—
Net assets attributable to contractholders	\$ 10,911	\$ 14,841

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (1,642)	\$ (526)
Miscellaneous income (loss)	—	—
Total income (loss)	(1,642)	(526)
Expenses		
Management fees (note 8)	221	301
Other	23	31
Total expenses	244	332
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (1,886)	\$ (858)

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year		
	\$ 14,841	\$ 18,797
Contractholder deposits	158	212
Contractholder withdrawals	(2,202)	(3,310)
Increase (decrease) in net assets from operations attributable to contractholders	(1,886)	(858)
Change in net assets attributable to contractholders	(3,930)	(3,956)
Net assets attributable to contractholders - end of year	\$ 10,911	\$ 14,841

Indexed Canadian Bond Fund (TDQC) SF079

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (1,886)	\$ (858)
Adjustments		
Realized (gains) losses	224	(39)
Unrealized (gains) losses	1,776	1,005
Gross proceeds of disposition of investments	2,401	3,630
Gross payments for the purchase of investments	(121)	(186)
Distribution income of underlying mutual fund	(358)	(440)
Change in due from/to The Canada Life Assurance Company	(6)	(1)
Change in due from/to brokers	(5)	14
	<u>2,025</u>	<u>3,125</u>
Financing Activities		
Contractholder deposits	158	212
Contractholder withdrawals	(2,202)	(3,310)
	<u>(2,044)</u>	<u>(3,098)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(19)	27
Cash, short-term deposits and overdrafts, beginning of year	10	(17)
Cash, short-term deposits and overdrafts, end of year	\$ (9)	\$ 10

Indexed Canadian Bond Fund (TDQC) SF079

(in Canadian \$ thousands)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
TD Emerald Canadian Bond Index Fund Class B	979,688	12,619	10,907
Total Investments		12,619	10,907

Top 25 Holdings

Security Description	% of Total
Government of Canada 1.50% 12-01-2031	1.79%
Government of Canada 1.25% 06-01-2030	1.66%
Government of Canada 1.50% 06-01-2031	1.53%
Government of Canada 1.50% 09-01-2024	1.43%
Government of Canada 0.50% 12-01-2030	1.41%
Government of Canada 2.00% 12-01-2051	1.29%
Government of Canada 0.25% 04-01-2024	1.20%
Government of Canada 1.75% 12-01-2053	1.12%
Government of Canada 0.25% 03-01-2026	1.05%
Canada Housing Trust No. 1 2.90% 06-15-2024	0.98%
Canada Housing Trust No. 1 1.95% 12-15-2025	0.94%
Government of Canada 0.50% 09-01-2025	0.94%
Government of Canada 2.50% 12-01-2032	0.91%
Government of Canada 2.00% 06-01-2032	0.88%
Government of Canada 1.00% 09-01-2026	0.87%
Government of Canada 2.25% 06-01-2025	0.86%
Province of Ontario 2.70% 06-02-2029	0.79%
Government of Canada 1.25% 03-01-2027	0.76%
Province of Ontario 2.60% 06-02-2025	0.76%
Government of Canada 2.50% 06-01-2024	0.75%
Province of Ontario 2.90% 12-02-2046	0.74%
Canada Housing Trust No. 1 0.95% 06-15-2025	0.73%
Government of Canada 1.50% 05-01-2024	0.71%
Canada Housing Trust No. 1 2.35% 06-15-2027	0.69%
Province of Quebec 3.10% 12-01-2051	0.64%

Indexed Canadian Bond Fund (TDQC) SF079

(in Canadian \$ thousands)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Generations/Mosaic	211,930	268,479	302,243	317,588	352,195	3,261	4,792	5,675	5,632	5,996
Generations I	122,252	138,607	174,689	185,380	185,532	1,478	1,936	2,557	2,553	2,443
Generations II	24,562	26,455	34,448	35,768	38,198	280	349	476	465	476
Generations Core	81,518	95,536	110,634	108,968	89,743	949	1,285	1,558	1,444	1,136
75/75 guarantee policy	133,607	147,721	176,844	215,576	131,869	1,435	1,832	2,297	2,633	1,540
75/100 guarantee policy	99,473	117,300	154,674	211,281	224,198	1,060	1,444	1,996	2,565	2,602
100/100 guarantee policy	70,550	73,774	107,483	131,983	153,097	745	900	1,375	1,589	1,764
PS1 75/75 guarantee policy	63,649	71,173	68,137	68,655	73,940	657	844	841	792	811
PS1 75/100 guarantee policy	71,578	91,547	120,938	155,883	234,039	735	1,080	1,487	1,793	2,559
PS1 100/100 guarantee policy	29,763	30,992	27,466	46,908	92,344	301	361	334	534	1,000
PS2 75/75 guarantee policy	804	820	836	853	869	10	11	12	11	10
PS2 100/100 guarantee policy	—	526	13,360	24,720	28,282	—	7	186	317	339
PS 100/100 guarantee policy	—	—	—	2,413	—	—	—	—	25	—
PPS 100/100 guarantee policy	—	—	253	20,552	25,730	—	—	3	218	258

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
Generations/Mosaic	15.39	17.85	18.78	17.73	17.02	(2.46)	(0.93)
Generations I	12.09	13.97	14.64	13.77	13.17	(1.88)	(0.67)
Generations II	11.40	13.18	13.82	13.01	12.45	(1.78)	(0.64)
Generations Core	11.65	13.45	14.09	13.25	12.66	(1.80)	(0.64)
75/75 guarantee policy	10.74	12.40	12.99	12.22	11.67	(1.66)	(0.59)
75/100 guarantee policy	10.65	12.31	12.90	12.14	11.61	(1.66)	(0.59)
100/100 guarantee policy	10.55	12.20	12.79	12.04	11.52	(1.65)	(0.59)
PS1 75/75 guarantee policy	10.32	11.85	12.34	11.54	10.96	(1.53)	(0.49)
PS1 75/100 guarantee policy	10.27	11.80	12.30	11.50	10.93	(1.53)	(0.50)
PS1 100/100 guarantee policy	10.13	11.65	12.15	11.38	10.83	(1.52)	(0.50)
PS2 75/75 guarantee policy	11.97	13.55	13.91	12.83	12.02	(1.58)	(0.36)
PS2 100/100 guarantee policy	—	13.52	13.89	12.81	12.00	—	(0.37)
PS 100/100 guarantee policy	—	—	—	10.51	—	—	—
PPS 100/100 guarantee policy	—	—	11.38	10.60	10.03	—	—

Indexed Canadian Bond Fund (TDQC) SF079

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Indexed Canadian Bond Fund (TDQC) SF079 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Indexed Canadian Bond Fund (TDQC) SF079

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Indexed Canadian Bond Fund (TDQC) SF079

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Indexed Canadian Bond Fund (TDQC) SF079

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

Indexed Canadian Bond Fund (TDQC) SF079

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

Indexed Canadian Bond Fund (TDQC) SF079

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Indexed Canadian Bond Fund (TDQC) SF079

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

Indexed Canadian Bond Fund (TDQC) SF079

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Indexed Canadian Bond Fund (TDQC) SF079

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.

Indexed Canadian Bond Fund (TDQC) SF079

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Indexed Canadian Bond Fund (TDQC) SF079

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
Generations/Mosaic	2.42	2.42	2.41	2.43	2.43
Generations I	2.03	2.03	2.02	2.04	2.09
Generations II	2.09	2.09	2.08	2.10	2.16
Generations Core	1.98	1.98	1.97	1.98	2.03
75/75 guarantee policy	1.98	1.98	1.97	1.98	2.03
75/100 guarantee policy	2.03	2.04	2.03	2.04	2.09
100/100 guarantee policy	2.09	2.09	2.08	2.10	2.16
PS1 75/75 guarantee policy	1.41	1.40	1.39	1.40	1.40
PS1 75/100 guarantee policy	1.46	1.46	1.45	1.45	1.45
PS1 100/100 guarantee policy	1.57	1.57	1.56	1.57	1.55
PS 100/100 guarantee policy	—	—	—	1.54	—
PPS 100/100 guarantee policy	—	—	1.02	1.01	1.00

Unsubsidized Management Expense Ratio (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
PS1 75/75 guarantee policy	1.41	1.40	1.39	1.41	1.41
PS1 75/100 guarantee policy	1.46	1.46	1.45	1.46	1.46
PS1 100/100 guarantee policy	1.57	1.57	1.56	1.58	1.56
PPS 100/100 guarantee policy	—	—	1.02	1.02	1.01

Portfolio Turnover Rate (%) ⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	0.98	1.13	6.69	38.47	7.98

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
CANADIAN EQUITY FUND (AGF) SF101

December 31, 2022

Independent Auditor's Report

To the Contractholders of Canadian Equity Fund (AGF) SF101 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Canadian Equity Fund (AGF) SF101

(in Canadian \$ thousands)

Fund Manager: AGF Investments Inc.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	8	10
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	4,382	5,538
Total investments	4,382	5,538
Total assets	\$ 4,390	\$ 5,548
Liabilities		
Overdrafts	\$ 10	\$ 10
Due to The Canada Life Assurance Company (note 8)	1	5
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	11	15
Net assets attributable to contractholders	\$ 4,379	\$ 5,533

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (492)	\$ 979
Miscellaneous income (loss)	—	—
Total income (loss)	(492)	979
Expenses		
Management fees (note 8)	154	176
Other	16	18
Total expenses	170	194
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (662)	\$ 785

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year		
	\$ 5,533	\$ 5,564
Contractholder deposits	119	70
Contractholder withdrawals	(611)	(886)
Increase (decrease) in net assets from operations attributable to contractholders	(662)	785
Change in net assets attributable to contractholders	(1,154)	(31)
Net assets attributable to contractholders - end of year	\$ 4,379	\$ 5,533

Canadian Equity Fund (AGF) SF101

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (662)	\$ 785
Adjustments		
Realized (gains) losses	(272)	(351)
Unrealized (gains) losses	764	(628)
Gross proceeds of disposition of investments	780	1,039
Gross payments for the purchase of investments	(116)	(33)
Distribution income of underlying mutual fund	—	—
Change in due from/to The Canada Life Assurance Company	(4)	4
Change in due from/to brokers	2	—
	<u>492</u>	<u>816</u>
Financing Activities		
Contractholder deposits	119	70
Contractholder withdrawals	(611)	(886)
	<u>(492)</u>	<u>(816)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	<u>(10)</u>	<u>(10)</u>
Cash, short-term deposits and overdrafts, end of year	<u>\$ (10)</u>	<u>\$ (10)</u>

Canadian Equity Fund (AGF) SF101

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
AGF Canadian Growth Equity Class Series O	44,207	3,023	4,382
Total Investments		3,023	4,382

Top 25 Holdings

Security Description	% of Total
Royal Bank of Canada	7.50%
Bank of Montreal	6.15%
Canadian Pacific Railway Ltd.	4.13%
Cash and short-term deposits	4.12%
Canadian Natural Resources Ltd.	3.42%
Wheaton Precious Metals Corp.	3.23%
Canadian National Railway Co.	2.83%
Brookfield Corp.	2.79%
Shopify Inc.	2.71%
Tourmaline Oil Corp.	2.60%
Waste Connections Inc.	2.53%
Enbridge Inc.	2.39%
Magna International Inc.	2.36%
The Bank of Nova Scotia	2.30%
Stantec Inc.	2.27%
Teck Resources Ltd. Class B	2.26%
Cenovus Energy Inc.	2.23%
Air Canada variable voting	2.00%
WSP Global Inc.	1.94%
TC Energy Corp.	1.93%
Alimentation Couche-Tard Inc.	1.90%
Intact Financial Corp.	1.87%
Aritzia Inc.	1.72%
Guardian Capital Group Ltd.	1.67%
SSR Mining Inc.	1.62%

Canadian Equity Fund (AGF) SF101

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Generations/Mosaic	154,846	170,744	191,926	230,290	280,968	3,196	4,035	3,954	4,904	5,236
Generations I	15,349	16,193	21,893	23,750	38,134	143	173	203	227	318
Generations II	5,727	5,558	9,206	10,893	23,378	46	51	74	91	171
Generations Core	9,083	10,352	11,203	16,127	16,228	80	104	97	144	125
75/75 guarantee policy	12,583	15,610	17,276	20,091	19,284	152	214	205	245	204
75/100 guarantee policy	12,229	16,061	19,502	30,114	32,080	143	214	226	359	334
100/100 guarantee policy	11,524	13,108	22,251	25,990	30,296	129	168	249	300	306
PS1 75/75 guarantee policy	4,142	3,044	4,474	2,868	2,766	52	43	54	36	30
PS1 75/100 guarantee policy	24,998	27,059	24,298	25,282	17,708	304	373	290	309	188
PS1 100/100 guarantee policy	596	1,059	7,576	10,977	7,613	7	14	88	131	79
PS2 75/75 guarantee policy	3,147	3,218	3,294	6,155	6,299	51	58	50	93	80
PS2 75/100 guarantee policy	4,500	4,598	4,702	4,817	4,928	73	83	71	73	63
PS2 100/100 guarantee policy	193	198	203	209	214	3	3	3	3	3

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
Generations/Mosaic	20.64	23.63	20.60	21.30	18.63	(2.99)	3.03
Generations I	9.34	10.67	9.28	9.56	8.34	(1.33)	1.39
Generations II	8.09	9.26	8.08	8.36	7.32	(1.17)	1.18
Generations Core	8.80	10.01	8.67	8.90	7.74	(1.21)	1.34
75/75 guarantee policy	12.05	13.70	11.87	12.19	10.59	(1.65)	1.83
75/100 guarantee policy	11.65	13.31	11.57	11.93	10.41	(1.66)	1.74
100/100 guarantee policy	11.18	12.81	11.17	11.56	10.12	(1.63)	1.64
PS1 75/75 guarantee policy	12.46	14.11	12.16	12.43	10.76	(1.65)	1.95
PS1 75/100 guarantee policy	12.17	13.81	11.93	12.22	10.60	(1.64)	1.88
PS1 100/100 guarantee policy	11.75	13.38	11.60	11.92	10.37	(1.63)	1.78
PS2 75/75 guarantee policy	16.31	18.00	15.13	15.08	12.72	(1.69)	2.87
PS2 75/100 guarantee policy	16.31	18.01	15.13	15.08	12.73	(1.70)	2.88
PS2 100/100 guarantee policy	16.30	17.99	15.12	15.07	12.72	(1.69)	2.87

Canadian Equity Fund (AGF) SF101

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Canadian Equity Fund (AGF) SF101 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Canadian Equity Fund (AGF) SF101

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Canadian Equity Fund (AGF) SF101

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Canadian Equity Fund (AGF) SF101

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

Canadian Equity Fund (AGF) SF101

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

Canadian Equity Fund (AGF) SF101

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Canadian Equity Fund (AGF) SF101

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

Canadian Equity Fund (AGF) SF101

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Canadian Equity Fund (AGF) SF101

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.

Canadian Equity Fund (AGF) SF101

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Canadian Equity Fund (AGF) SF101

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
Generations/Mosaic	3.65	3.66	3.66	3.66	3.68
Generations I	3.37	3.39	3.38	3.38	3.40
Generations II	3.70	3.72	3.71	3.71	3.73
Generations Core	2.99	2.99	3.00	2.99	3.09
75/75 guarantee policy	2.99	2.99	3.00	2.99	3.09
75/100 guarantee policy	3.38	3.38	3.39	3.38	3.40
100/100 guarantee policy	3.71	3.73	3.71	3.71	3.73
PS1 75/75 guarantee policy	2.52	2.55	2.53	2.54	2.55
PS1 75/100 guarantee policy	2.75	2.75	2.76	2.76	2.76
PS1 100/100 guarantee policy	3.09	3.09	3.09	3.08	3.10

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	2.32	0.58	1.66	5.29	2.08

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
CANADIAN EQUITY GROWTH FUND S-102MF

December 31, 2022

Independent Auditor's Report

To the Contractholders of Canadian Equity Growth Fund S-102MF (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Canadian Equity Growth Fund S-102MF

(in Canadian \$ thousands)

Fund Manager: Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ 251
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	43	—
Due from brokers	61	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	101,664	107,005
Total investments	101,664	107,005
Total assets	\$ 101,768	\$ 107,256
Liabilities		
Overdrafts	\$ 11	\$ —
Due to The Canada Life Assurance Company (note 8)	—	4
Due to brokers	—	79
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	11	83
Net assets attributable to contractholders	\$ 101,757	\$ 107,173

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (9,294)	\$ 18,564
Miscellaneous income (loss)	—	—
Total income (loss)	(9,294)	18,564
Expenses		
Management fees (note 8)	2,298	1,937
Other	260	218
Total expenses	2,558	2,155
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (11,852)	\$ 16,409

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year		
	\$ 107,173	\$ 56,476
Contractholder deposits	16,318	41,375
Contractholder withdrawals	(9,882)	(7,087)
Increase (decrease) in net assets from operations attributable to contractholders	(11,852)	16,409
Change in net assets attributable to contractholders	(5,416)	50,697
Net assets attributable to contractholders - end of year	\$ 101,757	\$ 107,173

Canadian Equity Growth Fund S-102MF

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (11,852)	\$ 16,409
Adjustments		
Realized (gains) losses	(433)	(159)
Unrealized (gains) losses	15,242	(13,783)
Gross proceeds of disposition of investments	7,905	67,341
Gross payments for the purchase of investments	(11,858)	(99,386)
Distribution income of underlying mutual fund	(5,515)	(4,622)
Change in due from/to The Canada Life Assurance Company	(47)	60
Change in due from/to brokers	(140)	(26)
	<u>(6,698)</u>	<u>(34,166)</u>
Financing Activities		
Contractholder deposits	16,318	41,375
Contractholder withdrawals	(9,882)	(7,087)
	<u>6,436</u>	<u>34,288</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(262)	122
Cash, short-term deposits and overdrafts, beginning of year	251	129
Cash, short-term deposits and overdrafts, end of year	\$ (11)	\$ 251

Canadian Equity Growth Fund S-102MF

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Canada Life Canadian Focused Growth Fund Series S *	7,197,216	99,237	101,664
Total Investments		99,237	101,664

Top 25 Holdings

Security Description	% of Total
Cash and short-term deposits	6.13%
Stantec Inc.	5.20%
TELUS Corp.	4.48%
Aon Corp.	4.41%
Royal Bank of Canada	4.35%
Intact Financial Corp.	3.97%
Keysight Technologies Inc.	3.91%
Accenture PLC Class A	3.89%
Danaher Corp.	3.75%
Thomson Reuters Corp.	3.68%
ON Semiconductor Corp.	3.65%
Premium Brands Holdings Corp.	3.65%
Canadian National Railway Co.	3.58%
Jacobs Solutions Inc.	3.49%
Dollarama Inc.	3.17%
Becton, Dickinson and Co.	3.16%
Thermo Fisher Scientific Inc.	3.15%
CAE Inc.	2.95%
Boyd Group Services Inc.	2.78%
BRP Inc.	2.76%
Amphenol Corp. Class A	2.62%
Nutrien Ltd.	2.56%
Linde PLC	2.48%
Altus Group Ltd.	2.21%
Synopsys Inc.	2.10%

*The issuer of this security is a related company to the issuer of the Fund.

Canadian Equity Growth Fund S-102MF

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Generations/Mosaic	124,577	140,888	157,593	179,098	183,023	3,303	4,230	3,906	4,057	3,450
Generations I	28,712	47,075	51,996	37,255	50,778	540	998	906	590	666
Generations II	13,303	14,346	16,327	14,991	10,190	216	263	247	207	117
Generations Core	18,555	19,156	20,190	20,144	23,385	321	373	322	292	280
75/75 guarantee policy	737,269	692,665	398,839	148,122	66,937	15,789	16,692	7,886	2,661	995
75/100 guarantee policy	1,297,982	1,219,735	826,610	284,254	110,256	27,257	28,854	16,062	5,024	1,613
100/100 guarantee policy	104,794	116,908	93,931	76,440	52,637	2,118	2,672	1,771	1,316	753
PS1 75/75 guarantee policy	554,635	450,941	226,765	89,067	31,697	12,104	11,022	4,527	1,607	471
PS1 75/100 guarantee policy	1,211,177	1,182,971	724,630	200,345	95,358	25,823	28,313	14,196	3,556	1,396
PS1 100/100 guarantee policy	31,121	36,136	25,145	41,519	15,854	640	838	478	718	227
PS2 75/75 guarantee policy	92,799	90,590	60,864	31,161	—	2,625	2,800	1,499	677	—
PS2 75/100 guarantee policy	125,550	111,774	105,746	59,069	27,722	3,553	3,456	2,605	1,284	484
PS2 100/100 guarantee policy	9,275	9,539	9,812	10,102	—	262	295	242	220	—
PS 75/75 guarantee policy	63,832	45,104	24,179	3,920	—	856	673	293	43	—
PS 75/100 guarantee policy	83,496	61,262	24,436	4,256	—	1,114	911	295	46	—
PS 100/100 guarantee policy	11,284	11,395	17,609	—	—	148	167	210	—	—
PPS 75/75 guarantee policy	169,991	110,295	61,634	5,557	—	2,330	1,674	756	61	—
PPS 75/100 guarantee policy	169,192	125,528	22,293	8,197	—	2,296	1,891	272	90	—
PPS 100/100 guarantee policy	34,540	70,584	296	—	—	462	1,051	3	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
Generations/Mosaic	26.52	30.02	24.78	22.65	18.85	(3.50)	5.24
Generations I	18.82	21.21	17.42	15.84	13.12	(2.39)	3.79
Generations II	16.21	18.34	15.13	13.81	11.48	(2.13)	3.21
Generations Core	17.28	19.44	15.95	14.49	11.99	(2.16)	3.49
75/75 guarantee policy	21.42	24.10	19.77	17.96	14.86	(2.68)	4.33
75/100 guarantee policy	21.00	23.66	19.43	17.67	14.63	(2.66)	4.23
100/100 guarantee policy	20.21	22.86	18.85	17.22	14.31	(2.65)	4.01
PS1 75/75 guarantee policy	21.82	24.44	19.96	18.05	14.85	(2.62)	4.48
PS1 75/100 guarantee policy	21.32	23.93	19.59	17.75	14.64	(2.61)	4.34
PS1 100/100 guarantee policy	20.58	23.18	19.03	17.30	14.32	(2.60)	4.15
PS2 75/75 guarantee policy	28.29	30.91	24.62	21.73	—	(2.62)	6.29
PS2 75/100 guarantee policy	28.30	30.92	24.63	21.74	17.46	(2.62)	6.29
PS2 100/100 guarantee policy	28.29	30.91	24.62	21.73	—	(2.62)	6.29
PS 75/75 guarantee policy	13.41	14.93	12.11	10.88	—	(1.52)	2.82
PS 75/100 guarantee policy	13.35	14.87	12.08	10.87	—	(1.52)	2.79
PS 100/100 guarantee policy	13.10	14.66	11.96	—	—	(1.56)	2.70
PPS 75/75 guarantee policy	13.71	15.18	12.26	10.96	—	(1.47)	2.92
PPS 75/100 guarantee policy	13.57	15.06	12.19	10.93	—	(1.49)	2.87
PPS 100/100 guarantee policy	13.37	14.89	12.10	—	—	(1.52)	2.79

Canadian Equity Growth Fund S-102MF

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Canadian Equity Growth Fund S-102MF (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Canadian Equity Growth Fund S-102MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Canadian Equity Growth Fund S-102MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Canadian Equity Growth Fund S-102MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

Canadian Equity Growth Fund S-102MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

Canadian Equity Growth Fund S-102MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Canadian Equity Growth Fund S-102MF

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

Canadian Equity Growth Fund S-102MF

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Canadian Equity Growth Fund S-102MF

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Canadian Equity Growth Fund S-102MF

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Canadian Equity Growth Fund S-102MF

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
Generations/Mosaic	3.56	3.55	3.52	3.54	3.55
Generations I	3.08	3.05	3.02	3.04	3.15
Generations II	3.47	3.47	3.43	3.45	3.49
Generations Core	2.95	2.94	2.91	2.93	3.01
75/75 guarantee policy	2.95	2.93	2.90	2.92	3.00
75/100 guarantee policy	3.06	3.04	3.01	3.03	3.13
100/100 guarantee policy	3.47	3.46	3.43	3.45	3.49
PS1 75/75 guarantee policy	2.48	2.47	2.42	2.43	2.44
PS1 75/100 guarantee policy	2.71	2.69	2.63	2.65	2.65
PS1 100/100 guarantee policy	3.05	3.03	2.98	3.00	3.00
PS 75/75 guarantee policy	1.83	1.82	1.80	1.80	—
PS 75/100 guarantee policy	1.94	1.93	1.91	1.93	—
PS 100/100 guarantee policy	2.36	2.35	2.33	—	—
PPS 75/75 guarantee policy	1.37	1.36	1.31	1.32	—
PPS 75/100 guarantee policy	1.59	1.58	1.54	1.54	—
PPS 100/100 guarantee policy	1.94	1.93	1.86	—	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
PS1 75/75 guarantee policy	2.48	2.47	2.45	2.46	2.47
PS1 75/100 guarantee policy	2.71	2.69	2.66	2.68	2.68
PS1 100/100 guarantee policy	3.05	3.03	3.01	3.03	3.03
PPS 75/75 guarantee policy	1.37	1.36	1.34	1.35	—
PPS 75/100 guarantee policy	1.59	1.58	1.57	1.57	—
PPS 100/100 guarantee policy	1.94	1.93	1.89	—	—

Portfolio Turnover Rate (%) ⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	7.88	82.72	9.43	14.31	132.84

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
CANADIAN EQUITY FUND (BISSETT) SF103

December 31, 2022

Independent Auditor's Report

To the Contractholders of Canadian Equity Fund (Bissett) SF103 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Canadian Equity Fund (Bissett) SF103

(in Canadian \$ thousands)

Fund Manager: Franklin Templeton Investments Corp.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 433	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	24	92
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	33,324	38,804
Total investments	33,324	38,804
Total assets	\$ 33,781	\$ 38,896
Liabilities		
Overdrafts	\$ —	\$ 101
Due to The Canada Life Assurance Company (note 8)	11	23
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	11	124
Net assets attributable to contractholders	\$ 33,770	\$ 38,772

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ 1,214	\$ 11,871
Miscellaneous income (loss)	—	—
Total income (loss)	1,214	11,871
Expenses		
Management fees (note 8)	812	824
Other	88	87
Total expenses	900	911
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 314	\$ 10,960

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 38,772	\$ 77,164
Contractholder deposits	929	888
Contractholder withdrawals	(6,245)	(50,240)
Increase (decrease) in net assets from operations attributable to contractholders	314	10,960
Change in net assets attributable to contractholders	(5,002)	(38,392)
Net assets attributable to contractholders - end of year	\$ 33,770	\$ 38,772

Canadian Equity Fund (Bissett) SF103

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 314	\$ 10,960
Adjustments		
Realized (gains) losses	(2,556)	(12,477)
Unrealized (gains) losses	3,307	1,484
Gross proceeds of disposition of investments	6,771	51,226
Gross payments for the purchase of investments	(77)	(1,047)
Distribution income of underlying mutual fund	(1,965)	(878)
Change in due from/to The Canada Life Assurance Company	(12)	33
Change in due from/to brokers	68	(76)
	<u>5,850</u>	<u>49,225</u>
Financing Activities		
Contractholder deposits	929	888
Contractholder withdrawals	(6,245)	(50,240)
	<u>(5,316)</u>	<u>(49,352)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	534	(127)
Cash, short-term deposits and overdrafts, beginning of year	<u>(101)</u>	<u>26</u>
Cash, short-term deposits and overdrafts, end of year	<u><u>\$ 433</u></u>	<u><u>\$ (101)</u></u>

Canadian Equity Fund (Bissett) SF103

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Franklin Bissett Canadian Equity Fund Series O	173,333	22,921	33,324
Total Investments		22,921	33,324

Top 25 Holdings

Security Description	% of Total
The Toronto-Dominion Bank	5.63%
Royal Bank of Canada	5.43%
Brookfield Corp.	5.05%
Cash and short-term deposits	4.63%
Canadian National Railway Co.	4.35%
Alimentation Couche-Tard Inc.	4.31%
Agnico Eagle Mines Ltd.	4.16%
The Bank of Nova Scotia	4.13%
Canadian Pacific Railway Ltd.	3.47%
Metro Inc.	3.22%
Fortis Inc.	3.07%
TELUS Corp.	3.01%
Canadian Natural Resources Ltd.	2.82%
Enbridge Inc.	2.72%
Open Text Corp.	2.69%
CGI Group Inc. Class A sub. voting	2.53%
Bank of Montreal	2.23%
BCE Inc.	2.23%
Dollarama Inc.	2.22%
Waste Connections Inc.	2.18%
ATCO Ltd. Class I non-voting	2.13%
Loblaw Companies Ltd.	2.13%
ARC Resources Ltd.	2.05%
Tourmaline Oil Corp.	1.91%
Saputo Inc.	1.82%

Canadian Equity Fund (Bissett) SF103

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 4 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Generations/Mosaic	162,358	180,515	212,960	260,965	321,284	6,167	6,889	6,502	8,296	8,683
Generations I	78,989	86,417	104,877	126,245	155,804	1,755	1,924	1,864	2,331	2,439
Generations II	18,519	18,873	19,924	23,520	38,718	359	368	311	382	535
Generations Core	18,992	23,285	31,217	46,817	64,560	394	483	515	800	932
75/75 guarantee policy	116,685	118,865	133,393	164,773	186,605	2,784	2,833	2,530	3,236	3,099
75/100 guarantee policy	253,305	293,577	358,963	454,891	493,795	5,872	6,820	6,656	8,761	8,065
100/100 guarantee policy	176,679	193,761	223,711	267,891	313,796	3,956	4,362	4,032	5,031	5,013
PS1 75/75 guarantee policy	34,172	38,032	45,713	61,742	52,055	750	830	791	1,102	782
PS1 75/100 guarantee policy	100,170	105,090	110,731	161,576	142,114	2,149	2,248	1,882	2,838	2,107
PS1 100/100 guarantee policy	117,039	148,318	151,242	147,504	146,235	2,422	3,072	2,496	2,524	2,119
PS2 75/75 guarantee policy	17,968	21,662	23,882	53,052	47,829	510	597	509	1,139	844
PS2 75/100 guarantee policy	32,667	35,087	37,504	50,566	25,960	928	968	800	1,086	458
PS2 100/100 guarantee policy	14,014	16,484	16,284	16,919	18,321	398	455	348	364	324
PS 75/100 guarantee policy	—	—	—	780	—	—	—	—	8	—
PPS 75/100 guarantee policy	—	641	647	4,117	—	—	9	7	44	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
Generations/Mosaic	37.98	38.16	30.53	31.79	27.03	(0.18)	7.63
Generations I	22.22	22.27	17.77	18.46	15.66	(0.05)	4.50
Generations II	19.37	19.48	15.59	16.25	13.82	(0.11)	3.89
Generations Core	20.75	20.73	16.49	17.08	14.44	0.02	4.24
75/75 guarantee policy	23.86	23.84	18.97	19.64	16.61	0.02	4.87
75/100 guarantee policy	23.18	23.23	18.54	19.26	16.33	(0.05)	4.69
100/100 guarantee policy	22.39	22.51	18.02	18.78	15.98	(0.12)	4.49
PS1 75/75 guarantee policy	21.94	21.84	17.30	17.85	15.03	0.10	4.54
PS1 75/100 guarantee policy	21.45	21.40	16.99	17.56	14.82	0.05	4.41
PS1 100/100 guarantee policy	20.70	20.71	16.50	17.11	14.49	(0.01)	4.21
PS2 75/75 guarantee policy	28.39	27.58	21.33	21.47	17.65	0.81	6.25
PS2 75/100 guarantee policy	28.41	27.60	21.34	21.48	17.66	0.81	6.26
PS2 100/100 guarantee policy	28.42	27.60	21.35	21.49	17.66	0.82	6.25
PS 75/100 guarantee policy	—	—	—	10.59	—	—	—
PPS 75/100 guarantee policy	—	13.29	10.44	10.67	—	—	2.85

Canadian Equity Fund (Bissett) SF103

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Canadian Equity Fund (Bissett) SF103 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Canadian Equity Fund (Bissett) SF103

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Canadian Equity Fund (Bissett) SF103

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Canadian Equity Fund (Bissett) SF103

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used. Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

Canadian Equity Fund (Bissett) SF103

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

Canadian Equity Fund (Bissett) SF103

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Canadian Equity Fund (Bissett) SF103

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

Canadian Equity Fund (Bissett) SF103

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Portfolio units are those units owned by the Asset Allocation Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Canadian Equity Fund (Bissett) SF103

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.

Canadian Equity Fund (Bissett) SF103

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Canadian Equity Fund (Bissett) SF103

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
Generations/Mosaic	3.39	3.39	3.39	3.38	3.39
Generations I	3.15	3.15	3.14	3.14	3.20
Generations II	3.45	3.45	3.45	3.45	3.48
Generations Core	2.84	2.84	2.84	2.83	2.97
75/75 guarantee policy	2.84	2.84	2.83	2.83	2.95
75/100 guarantee policy	3.15	3.15	3.14	3.14	3.20
100/100 guarantee policy	3.46	3.46	3.45	3.45	3.47
PS1 75/75 guarantee policy	2.43	2.43	2.43	2.43	2.43
PS1 75/100 guarantee policy	2.65	2.65	2.65	2.65	2.66
PS1 100/100 guarantee policy	2.99	2.98	2.98	2.98	2.98
PS 75/100 guarantee policy	—	—	—	2.03	—
PPS 75/100 guarantee policy	—	1.54	1.55	1.52	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	0.21	2.21	16.25	4.83	17.22

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
BALANCED FUND (BISSETT) SF104

December 31, 2022

Independent Auditor's Report

To the Contractholders of Balanced Fund (Bissett) SF104 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Balanced Fund (Bissett) SF104

(in Canadian \$ thousands)

Fund Manager: Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ 28
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	36	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	118,451	148,583
Total investments	118,451	148,583
Total assets	\$ 118,487	\$ 148,611
Liabilities		
Overdrafts	\$ 8	\$ —
Due to The Canada Life Assurance Company (note 8)	—	17
Due to brokers	46	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	54	17
Net assets attributable to contractholders	\$ 118,433	\$ 148,594

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (15,538)	\$ 20,280
Miscellaneous income (loss)	—	—
Total income (loss)	(15,538)	20,280
Expenses		
Management fees (note 8)	3,211	4,286
Other	305	403
Total expenses	3,516	4,689
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (19,054)	\$ 15,591

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year		
	\$ 148,594	\$ 160,464
Contractholder deposits	5,963	3,458
Contractholder withdrawals	(17,070)	(30,919)
Increase (decrease) in net assets from operations attributable to contractholders	(19,054)	15,591
Change in net assets attributable to contractholders	(30,161)	(11,870)
Net assets attributable to contractholders - end of year	\$ 118,433	\$ 148,594

Balanced Fund (Bissett) SF104

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (19,054)	\$ 15,591
Adjustments		
Realized (gains) losses	2,590	(50,097)
Unrealized (gains) losses	15,470	31,184
Gross proceeds of disposition of investments	22,062	183,442
Gross payments for the purchase of investments	(7,468)	(151,258)
Distribution income of underlying mutual fund	(2,522)	(1,367)
Change in due from/to The Canada Life Assurance Company	(53)	(7)
Change in due from/to brokers	46	345
	<u>11,071</u>	<u>27,833</u>
Financing Activities		
Contractholder deposits	5,963	3,458
Contractholder withdrawals	(17,070)	(30,919)
	<u>(11,107)</u>	<u>(27,461)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(36)	372
Cash, short-term deposits and overdrafts, beginning of year	28	(344)
Cash, short-term deposits and overdrafts, end of year	\$ (8)	\$ 28

Balanced Fund (Bissett) SF104

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	No. of Units	Average Cost	Fair Value
Investment Fund Units			
Canada Life Sustainable Balanced Portfolio Fund Series S *	13,285,976	134,156	118,451
Total Investments		134,156	118,451

Top Holdings

Underlying fund: Canada Life ESG U.S. Equity Fund

Security Description	% of Total
Apple Inc.	6.06%
Microsoft Corp.	5.96%
Amazon.com Inc.	2.44%
UnitedHealth Group Inc.	1.94%
Berkshire Hathaway Inc. Class B	1.88%

Underlying fund: Canada Life International Equity Fund

Security Description	% of Total
Nestle SA	3.99%
Shell PLC	3.32%
TotalEnergies SE	3.23%
Roche Holding AG Genusscheine	3.10%
AstraZeneca PLC	2.83%

Underlying fund: Canada Life Sustainable Emerging Markets Equity Fund

Security Description	% of Total
iShares MSCI India ETF	8.60%
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	7.68%
HDFC Bank Ltd. ADR	6.09%
Tencent Holdings Ltd.	4.98%
Infosys Ltd. ADR	3.36%

*The issuer of this security is a related company to the issuer of the Fund.

Balanced Fund (Bissett) SF104

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
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Top Holdings (continued)

Underlying fund: Canada Life Sustainable Global Bond Fund

Security Description	% of Total
United States Treasury 4.13% 11-15-2032	9.10%
European Union 2.00% 10-04-2027	4.91%
United States Treasury 3.88% 11-30-2027	3.81%
European Union 1.00% 07-06-2032	3.46%
United States Treasury 1.38% 11-15-2031	3.42%

Balanced Fund (Bissett) SF104

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Generations/Mosaic	712,623	761,999	854,803	998,788	1,201,746	14,121	17,375	17,698	20,574	22,716
Generations I	830,473	1,190,349	1,607,654	1,941,900	2,343,330	12,108	19,938	24,410	29,288	32,378
Generations II	165,111	179,828	230,875	266,225	314,853	2,257	2,831	3,302	3,787	4,110
Generations Core	166,180	186,923	208,434	251,192	308,119	2,387	3,076	3,096	3,690	4,129
75/75 guarantee policy	711,058	679,832	771,859	881,652	1,099,542	11,129	12,190	12,494	14,114	16,055
75/100 guarantee policy	3,548,445	4,117,708	4,900,970	5,931,303	6,888,872	54,234	72,302	78,009	93,777	99,782
100/100 guarantee policy	386,301	427,187	507,685	596,967	679,930	5,761	7,339	7,921	9,266	9,685
PS1 75/75 guarantee policy	132,042	89,640	90,978	122,354	128,451	1,941	1,507	1,377	1,826	1,743
PS1 75/100 guarantee policy	575,062	445,367	532,995	693,656	791,630	8,320	7,377	7,960	10,232	10,638
PS1 100/100 guarantee policy	114,796	119,354	109,159	111,754	131,698	1,622	1,934	1,598	1,620	1,743
PS2 75/75 guarantee policy	24,555	27,380	38,193	46,362	66,820	467	581	712	832	1,065
PS2 75/100 guarantee policy	99,342	68,727	70,537	126,794	127,339	1,888	1,459	1,316	2,277	2,031
PS2 100/100 guarantee policy	1,406	2,219	6,504	7,689	8,413	27	47	121	138	134
PS 75/75 guarantee policy	98	—	—	—	—	1	—	—	—	—
PS 75/100 guarantee policy	52,045	46,565	43,507	49,663	—	528	537	450	505	—
PPS 75/75 guarantee policy	33,110	—	—	—	—	345	—	—	—	—
PPS 75/100 guarantee policy	125,229	8,571	—	—	—	1,297	101	—	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
Generations/Mosaic	19.82	22.80	20.70	20.60	18.90	(2.98)	2.10
Generations I	14.58	16.75	15.18	15.08	13.82	(2.17)	1.57
Generations II	13.67	15.74	14.30	14.23	13.05	(2.07)	1.44
Generations Core	14.36	16.46	14.85	14.69	13.40	(2.10)	1.61
75/75 guarantee policy	15.65	17.93	16.19	16.01	14.60	(2.28)	1.74
75/100 guarantee policy	15.28	17.56	15.92	15.81	14.48	(2.28)	1.64
100/100 guarantee policy	14.91	17.18	15.60	15.52	14.24	(2.27)	1.58
PS1 75/75 guarantee policy	14.70	16.81	15.13	14.92	13.57	(2.11)	1.68
PS1 75/100 guarantee policy	14.47	16.56	14.94	14.75	13.44	(2.09)	1.62
PS1 100/100 guarantee policy	14.13	16.20	14.64	14.49	13.23	(2.07)	1.56
PS2 75/75 guarantee policy	19.00	21.22	18.65	17.95	15.94	(2.22)	2.57
PS2 75/100 guarantee policy	19.01	21.23	18.66	17.96	15.95	(2.22)	2.57
PS2 100/100 guarantee policy	19.01	21.23	18.66	17.96	15.95	(2.22)	2.57
PS 75/75 guarantee policy	10.32	—	—	—	—	(1.36)	—
PS 75/100 guarantee policy	10.15	11.54	10.34	10.16	—	(1.39)	1.20
PPS 75/75 guarantee policy	10.42	—	—	—	—	(1.37)	—
PPS 75/100 guarantee policy	10.36	11.73	—	—	—	(1.37)	1.27

Balanced Fund (Bissett) SF104

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Balanced Fund (Bissett) SF104 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Balanced Fund (Bissett) SF104

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Balanced Fund (Bissett) SF104

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Balanced Fund (Bissett) SF104

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

Balanced Fund (Bissett) SF104

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

Balanced Fund (Bissett) SF104

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Balanced Fund (Bissett) SF104

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

Balanced Fund (Bissett) SF104

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Balanced Fund (Bissett) SF104

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Balanced Fund (Bissett) SF104

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Balanced Fund (Bissett) SF104

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
Generations/Mosaic	3.01	3.26	3.30	3.30	3.32
Generations I	2.85	3.10	3.14	3.14	3.15
Generations II	3.12	3.28	3.30	3.30	3.32
Generations Core	2.57	2.68	2.70	2.70	2.87
75/75 guarantee policy	2.57	2.68	2.70	2.70	2.86
75/100 guarantee policy	2.84	3.10	3.14	3.14	3.15
100/100 guarantee policy	3.12	3.28	3.30	3.30	3.32
PS1 75/75 guarantee policy	2.38	2.40	2.41	2.41	2.42
PS1 75/100 guarantee policy	2.49	2.56	2.57	2.57	2.58
PS1 100/100 guarantee policy	2.66	2.77	2.79	2.79	2.80
PS 75/75 guarantee policy	1.48	—	—	—	—
PS 75/100 guarantee policy	1.75	2.00	2.04	2.04	—
PPS 75/75 guarantee policy	1.28	—	—	—	—
PPS 75/100 guarantee policy	1.40	1.36	—	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	5.71	97.52	0.04	0.50	1.00

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
SMALL CAP EQUITY FUND (BISSETT) SF105

December 31, 2022

Independent Auditor's Report

To the Contractholders of Small Cap Equity Fund (Bissett) SF105 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Small Cap Equity Fund (Bissett) SF105

(in Canadian \$ thousands)

Fund Manager: Franklin Templeton Investments Corp.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	92	3
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	16,850	20,375
Total investments	16,850	20,375
Total assets	\$ 16,942	\$ 20,378
Liabilities		
Overdrafts	\$ 92	\$ 26
Due to The Canada Life Assurance Company (note 8)	5	11
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	97	37
Net assets attributable to contractholders	\$ 16,845	\$ 20,341

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (916)	\$ 5,118
Miscellaneous income (loss)	—	—
Total income (loss)	(916)	5,118
Expenses		
Management fees (note 8)	592	654
Other	60	67
Total expenses	652	721
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (1,568)	\$ 4,397

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 20,341	\$ 18,524
Contractholder deposits	303	139
Contractholder withdrawals	(2,231)	(2,719)
Increase (decrease) in net assets from operations attributable to contractholders	(1,568)	4,397
Change in net assets attributable to contractholders	(3,496)	1,817
Net assets attributable to contractholders - end of year	\$ 16,845	\$ 20,341

Small Cap Equity Fund (Bissett) SF105

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (1,568)	\$ 4,397
Adjustments		
Realized (gains) losses	28	294
Unrealized (gains) losses	1,159	(5,201)
Gross proceeds of disposition of investments	2,720	3,505
Gross payments for the purchase of investments	(111)	(226)
Distribution income of underlying mutual fund	(271)	(211)
Change in due from/to The Canada Life Assurance Company	(6)	(11)
Change in due from/to brokers	(89)	21
	<u>1,862</u>	<u>2,568</u>
Financing Activities		
Contractholder deposits	303	139
Contractholder withdrawals	(2,231)	(2,719)
	<u>(1,928)</u>	<u>(2,580)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(66)	(12)
Cash, short-term deposits and overdrafts, beginning of year	(26)	(14)
Cash, short-term deposits and overdrafts, end of year	\$ (92)	\$ (26)

Small Cap Equity Fund (Bissett) SF105

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Franklin Bissett Small Cap Fund Series O	242,637	17,816	16,850
Total Investments		17,816	16,850

Top 25 Holdings

Security Description	% of Total
Cash and short-term deposits	4.72%
Headwater Exploration Inc.	4.06%
Whitecap Resources Inc.	3.35%
Kelt Exploration Ltd.	3.20%
Topaz Energy Corp.	3.00%
DRI Healthcare Trust	2.83%
PHX Energy Services Corp.	2.80%
ATCO Ltd. Class I non-voting	2.63%
Boyd Group Services Inc.	2.59%
Jamieson Wellness Inc.	2.54%
EQB Inc.	2.50%
AltaGas Ltd.	2.47%
Total Energy Services Inc.	2.36%
Empire Co. Ltd. Class A non-voting	2.27%
Methanex Corp.	2.27%
FirstService Corp.	2.21%
Neighbourly Pharmacy Inc.	2.19%
Trican Well Service Ltd.	2.18%
Celestica Inc.	2.16%
The Descartes Systems Group Inc.	2.14%
GDI Integrated Facility Services Inc.	2.13%
Kinaxis Inc.	2.11%
Major Drilling Group International Inc.	2.09%
Boralex Inc. Class A	2.07%
Parex Resources Inc.	2.07%

Small Cap Equity Fund (Bissett) SF105

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Generations/Mosaic	315,139	350,007	387,031	464,062	600,804	8,749	10,604	9,403	11,332	15,264
Generations I	83,348	93,942	108,445	137,602	184,508	843	1,036	959	1,224	1,707
Generations II	49,943	56,369	70,082	82,738	111,155	540	668	668	796	1,117
Generations Core	62,948	65,832	82,839	108,557	173,970	747	851	856	1,125	1,870
75/75 guarantee policy	85,417	91,321	104,947	130,795	172,894	1,159	1,348	1,239	1,548	2,123
75/100 guarantee policy	160,147	189,118	232,528	309,907	438,306	2,103	2,710	2,672	3,579	5,266
100/100 guarantee policy	60,375	72,960	82,482	97,348	122,560	753	997	907	1,081	1,421
PS1 75/75 guarantee policy	17,461	16,745	17,843	54,057	93,074	194	202	171	518	924
PS1 75/100 guarantee policy	49,986	53,975	52,664	120,560	180,754	542	636	497	1,137	1,768
PS1 100/100 guarantee policy	56,111	51,081	67,778	63,878	72,614	583	579	617	584	691
PS2 75/75 guarantee policy	11,276	11,595	11,926	14,667	20,039	174	189	150	179	245
PS2 75/100 guarantee policy	8,816	9,061	9,317	29,162	36,177	136	147	117	355	442
PS2 100/100 guarantee policy	20,334	22,242	19,669	15,153	13,863	315	362	247	185	169
PS 75/75 guarantee policy	478	401	321	402	—	4	4	2	3	—
PS 75/100 guarantee policy	327	912	2,546	2,880	—	3	8	19	21	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
Generations/Mosaic	27.76	30.30	24.29	24.42	25.41	(2.54)	6.01
Generations I	10.11	11.03	8.85	8.89	9.25	(0.92)	2.18
Generations II	10.81	11.85	9.54	9.62	10.05	(1.04)	2.31
Generations Core	11.88	12.92	10.34	10.36	10.75	(1.04)	2.58
75/75 guarantee policy	13.57	14.76	11.81	11.84	12.28	(1.19)	2.95
75/100 guarantee policy	13.13	14.33	11.49	11.55	12.02	(1.20)	2.84
100/100 guarantee policy	12.47	13.67	11.00	11.10	11.59	(1.20)	2.67
PS1 75/75 guarantee policy	11.09	12.04	9.60	9.59	9.92	(0.95)	2.44
PS1 75/100 guarantee policy	10.84	11.78	9.42	9.43	9.78	(0.94)	2.36
PS1 100/100 guarantee policy	10.39	11.34	9.10	9.15	9.52	(0.95)	2.24
PS2 75/75 guarantee policy	15.49	16.28	12.58	12.19	12.22	(0.79)	3.70
PS2 75/100 guarantee policy	15.47	16.27	12.57	12.18	12.21	(0.80)	3.70
PS2 100/100 guarantee policy	15.48	16.28	12.58	12.18	12.21	(0.80)	3.70
PS 75/75 guarantee policy	8.77	9.44	7.46	7.40	—	(0.67)	1.98
PS 75/100 guarantee policy	8.66	9.35	7.42	7.37	—	(0.69)	1.93

Small Cap Equity Fund (Bissett) SF105

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Small Cap Equity Fund (Bissett) SF105 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Small Cap Equity Fund (Bissett) SF105

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Small Cap Equity Fund (Bissett) SF105

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Small Cap Equity Fund (Bissett) SF105

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

Small Cap Equity Fund (Bissett) SF105

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

Small Cap Equity Fund (Bissett) SF105

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Small Cap Equity Fund (Bissett) SF105

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

Small Cap Equity Fund (Bissett) SF105

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Small Cap Equity Fund (Bissett) SF105

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.

Small Cap Equity Fund (Bissett) SF105

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Small Cap Equity Fund (Bissett) SF105

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
Generations/Mosaic	3.71	3.71	3.71	3.72	3.73
Generations I	3.71	3.71	3.71	3.72	3.74
Generations II	4.09	4.09	4.09	4.10	4.13
Generations Core	3.43	3.43	3.44	3.44	3.48
75/75 guarantee policy	3.43	3.43	3.43	3.44	3.48
75/100 guarantee policy	3.71	3.71	3.71	3.72	3.73
100/100 guarantee policy	4.10	4.09	4.09	4.10	4.12
PS1 75/75 guarantee policy	3.13	3.14	3.16	3.15	3.16
PS1 75/100 guarantee policy	3.36	3.36	3.37	3.37	3.38
PS1 100/100 guarantee policy	3.74	3.75	3.74	3.75	3.76
PS 75/75 guarantee policy	2.32	2.33	2.34	2.34	—
PS 75/100 guarantee policy	2.61	2.61	2.61	2.60	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	0.60	1.13	1.36	0.61	1.89

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
INTERNATIONAL EQUITY FUND (TEMPLETON) SF118

December 31, 2022

Independent Auditor's Report

To the Contractholders of International Equity Fund (Templeton) SF118 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

International Equity Fund (Templeton) SF118

(in Canadian \$ thousands)

Fund Manager: Franklin Templeton Investments Corp.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	7	9
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	5,940	7,320
Total investments	5,940	7,320
Total assets	\$ 5,947	\$ 7,329
Liabilities		
Overdrafts	\$ 7	\$ 22
Due to The Canada Life Assurance Company (note 8)	1	2
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	8	24
Net assets attributable to contractholders	\$ 5,939	\$ 7,305

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (108)	\$ 719
Miscellaneous income (loss)	—	—
Total income (loss)	(108)	719
Expenses		
Management fees (note 8)	184	237
Other	21	27
Total expenses	205	264
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (313)	\$ 455

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 7,305	\$ 14,254
Contractholder deposits	144	93
Contractholder withdrawals	(1,197)	(7,497)
Increase (decrease) in net assets from operations attributable to contractholders	(313)	455
Change in net assets attributable to contractholders	(1,366)	(6,949)
Net assets attributable to contractholders - end of year	\$ 5,939	\$ 7,305

International Equity Fund (Templeton) SF118

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (313)	\$ 455
Adjustments		
Realized (gains) losses	196	70
Unrealized (gains) losses	184	(124)
Gross proceeds of disposition of investments	1,376	8,024
Gross payments for the purchase of investments	(104)	(358)
Distribution income of underlying mutual fund	(272)	(665)
Change in due from/to The Canada Life Assurance Company	(1)	(3)
Change in due from/to brokers	2	(4)
	<u>1,068</u>	<u>7,395</u>
Financing Activities		
Contractholder deposits	144	93
Contractholder withdrawals	(1,197)	(7,497)
	<u>(1,053)</u>	<u>(7,404)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	15	(9)
Cash, short-term deposits and overdrafts, beginning of year	<u>(22)</u>	<u>(13)</u>
Cash, short-term deposits and overdrafts, end of year	<u>\$ (7)</u>	<u>\$ (22)</u>

International Equity Fund (Templeton) SF118

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Templeton International Stock Trust Fund	335,906	6,776	5,940
Total Investments		6,776	5,940

Top 25 Holdings

Security Description	% of Total
TotalEnergies SE	4.70%
BP PLC	4.51%
Shell PLC Class A	4.41%
Deutsche Telekom AG	3.97%
Sumitomo Mitsui Financial Group Inc.	3.77%
Lloyds Banking Group PLC	2.64%
Samsung Electronics Co. Ltd.	2.62%
Astrazeneca PLC	2.55%
Hitachi Ltd.	2.29%
Veolia Environnement SA	2.26%
BAE Systems PLC	2.08%
Sanofi SA	2.05%
Red Electrica Corp. SA	2.02%
United Overseas Bank Ltd.	2.02%
Danone SA	1.93%
Sumitomo Metal Mining Co. Ltd.	1.93%
Antofagasta PLC	1.92%
SAP SE	1.91%
Deutsche Boerse AG	1.86%
CRH PLC	1.84%
Smith & Nephew PLC	1.84%
Sony Group Corp.	1.83%
Honda Motor Co. Ltd.	1.80%
Isuzu Motors Ltd.	1.80%
Adecco Group AG	1.78%

International Equity Fund (Templeton) SF118

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Generations/Mosaic	207,544	229,048	266,505	343,854	470,285	2,170	2,502	2,862	3,988	5,233
Generations I	32,787	41,318	46,273	66,801	106,307	342	450	495	771	1,176
Generations II	14,646	15,542	16,604	18,362	28,983	126	140	147	176	267
Generations Core	11,548	18,380	29,901	48,904	72,815	108	178	284	499	710
Prestige/Prestige Plus	419	484	551	627	696	5	6	6	8	8
75/75 guarantee policy	45,932	47,599	53,290	67,455	80,329	596	642	703	957	1,088
75/100 guarantee policy	77,885	88,872	116,305	150,743	170,654	977	1,164	1,496	2,091	2,269
100/100 guarantee policy	27,036	27,927	35,717	39,823	47,933	327	353	445	537	622
PS1 75/75 guarantee policy	6,091	30,555	33,586	47,269	69,779	99	513	550	829	1,164
PS1 75/100 guarantee policy	63,958	62,026	58,444	62,195	92,702	999	1,008	929	1,063	1,513
PS1 100/100 guarantee policy	3,887	3,959	1,443	1,416	9,212	58	62	22	23	146
PS2 75/75 guarantee policy	3,837	3,936	4,041	8,355	15,812	84	87	84	182	318
PS2 75/100 guarantee policy	1,723	1,770	2,205	7,613	13,527	38	39	46	166	272
PS2 100/100 guarantee policy	455	7,320	7,552	7,798	8,044	10	161	158	170	162
PS 75/100 guarantee policy	—	—	—	2,024	—	—	—	—	19	—
PPS 75/100 guarantee policy	—	—	—	10,651	—	—	—	—	101	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
Generations/Mosaic	10.46	10.92	10.74	11.60	11.13	(0.46)	0.18
Generations I	10.44	10.89	10.70	11.54	11.06	(0.45)	0.19
Generations II	8.58	8.98	8.85	9.58	9.21	(0.40)	0.13
Generations Core	9.34	9.71	9.50	10.21	9.75	(0.37)	0.21
Prestige/Prestige Plus	11.12	11.61	11.41	12.33	11.82	(0.49)	0.20
75/75 guarantee policy	12.98	13.49	13.20	14.19	13.54	(0.51)	0.29
75/100 guarantee policy	12.55	13.10	12.86	13.87	13.29	(0.55)	0.24
100/100 guarantee policy	12.08	12.65	12.46	13.49	12.97	(0.57)	0.19
PS1 75/75 guarantee policy	16.19	16.78	16.37	17.53	16.69	(0.59)	0.41
PS1 75/100 guarantee policy	15.63	16.25	15.90	17.09	16.32	(0.62)	0.35
PS1 100/100 guarantee policy	14.91	15.57	15.31	16.53	15.85	(0.66)	0.26
PS2 75/75 guarantee policy	21.89	22.04	20.89	21.76	20.13	(0.15)	1.15
PS2 75/100 guarantee policy	21.88	22.03	20.88	21.75	20.12	(0.15)	1.15
PS2 100/100 guarantee policy	21.87	22.03	20.87	21.74	20.11	(0.16)	1.16
PS 75/100 guarantee policy	—	—	—	9.46	—	—	—
PPS 75/100 guarantee policy	—	—	—	9.51	—	—	—

International Equity Fund (Templeton) SF118

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The International Equity Fund (Templeton) SF118 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

International Equity Fund (Templeton) SF118

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

International Equity Fund (Templeton) SF118

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

International Equity Fund (Templeton) SF118

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

International Equity Fund (Templeton) SF118

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

International Equity Fund (Templeton) SF118

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

International Equity Fund (Templeton) SF118

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

International Equity Fund (Templeton) SF118

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

International Equity Fund (Templeton) SF118

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.

International Equity Fund (Templeton) SF118

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

International Equity Fund (Templeton) SF118

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
Generations/Mosaic	3.66	3.66	3.65	3.64	3.65
Generations I	3.55	3.55	3.54	3.53	3.54
Generations II	3.88	3.87	3.87	3.86	3.87
Generations Core	3.17	3.17	3.16	3.14	3.23
Prestige/Prestige Plus	3.65	3.64	3.64	3.63	3.69
75/75 guarantee policy	3.16	3.16	3.15	3.14	3.22
75/100 guarantee policy	3.55	3.55	3.54	3.53	3.53
100/100 guarantee policy	3.88	3.89	3.87	3.86	3.87
PS1 75/75 guarantee policy	2.87	2.86	2.85	2.84	2.84
PS1 75/100 guarantee policy	3.19	3.19	3.18	3.17	3.17
PS1 100/100 guarantee policy	3.64	3.64	3.62	3.61	3.63
PS 75/100 guarantee policy	—	—	—	2.40	—
PPS 75/100 guarantee policy	—	—	—	2.06	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	1.68	3.99	14.06	4.62	19.19

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
GOVERNMENT BOND FUND S-167G

December 31, 2022

Independent Auditor's Report

To the Contractholders of Government Bond Fund S-167G (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Government Bond Fund S-167G

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 1,024	\$ 1,068
Investment income due and accrued	46	38
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	14,174	18,063
Stocks	—	—
Investment fund units	—	—
Derivatives (note 7)	—	—
Total investments	14,174	18,063
Total assets	\$ 15,244	\$ 19,169
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	3	11
Due to brokers	—	—
Due to outside parties	—	—
Derivatives (note 7)	—	2
Total liabilities excluding net assets attributable to contractholders	3	13
Net assets attributable to contractholders	\$ 15,241	\$ 19,156

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (504)	\$ (664)
Miscellaneous income (loss)	17	21
Total income (loss)	(487)	(643)
Expenses		
Management fees (note 8)	94	123
Transaction costs	—	—
Withholding taxes	—	—
Other	12	14
Total expenses	106	137
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (593)	\$ (780)

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year		
	\$ 19,156	\$ 75,984
Contractholder deposits	593	3,252
Contractholder withdrawals	(3,915)	(59,300)
Increase (decrease) in net assets from operations attributable to contractholders	(593)	(780)
Change in net assets attributable to contractholders	(3,915)	(56,828)
Net assets attributable to contractholders - end of year	\$ 15,241	\$ 19,156

Government Bond Fund S-167G

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (593)	\$ (780)
Adjustments		
Add back amortization of premium (discount)	(12)	—
Realized (gains) losses	366	(102)
Unrealized (gains) losses	493	1,242
Gross proceeds of disposition of investments	9,762	79,417
Gross payments for the purchase of investments	(6,722)	(24,888)
Change in investment income due and accrued	(8)	197
Change in due from/to The Canada Life Assurance Company	(8)	189
Change in due from/to brokers	—	—
Change in due from/to outside parties	—	—
	<u>3,278</u>	<u>55,275</u>
Financing Activities		
Contractholder deposits	593	3,252
Contractholder withdrawals	(3,915)	(59,300)
	<u>(3,322)</u>	<u>(56,048)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(44)	(773)
Cash, short-term deposits and overdrafts, beginning of year	1,068	1,841
Cash, short-term deposits and overdrafts, end of year	<u>\$ 1,024</u>	<u>\$ 1,068</u>
Supplementary cash flow information		
Interest income received	\$ 333	\$ 668

Government Bond Fund S-167G

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds			
Federal Government			
Canada Housing Trust No. 1 1.90% 09-15-2026	224,000	226	209
Canada Housing Trust No. 1 1.95% 12-15-2025	1,100,000	1,144	1,040
Canada Housing Trust No. 1 2.55% 03-15-2025	505,000	524	489
Canada Housing Trust No. 1 2.90% 06-15-2024	915,000	984	897
Government of Canada 0.75% 10-01-2024	124,000	122	117
Government of Canada 1.25% 03-01-2027	1,190,000	1,125	1,088
Government of Canada 2.00% 06-01-2032	1,000,000	909	896
Government of Canada 2.25% 12-01-2029	20,000	20	19
Government of Canada 4.25% 12-01-2026 Real Return	140,000	281	270
Total Federal Government		5,335	5,025
Provincial Government			
Province of British Columbia 2.30% 06-18-2026	263,000	270	249
Province of Manitoba 2.55% 06-02-2026	356,000	365	340
Province of Ontario 1.55% 11-01-2029	498,000	497	428
Province of Ontario 2.40% 06-02-2026	205,000	221	195
Province of Ontario 2.60% 06-02-2025	181,000	181	175
Province of Ontario 3.75% 06-02-2032	901,000	892	881
Province of Quebec 2.75% 09-01-2027	150,000	158	143
Province of Quebec 3.65% 05-20-2032	7,000	7	7
Total Provincial Government		2,591	2,418
Municipal Government			
City of Montreal 2.30% 09-01-2029	99,000	98	89
City of Montreal 3.50% 09-01-2023	158,000	166	157
Municipal Finance Authority of British Columbia 4.95% 12-01-2027	144,000	174	151
Total Municipal Government		438	397
Corporate - Non-convertible			
Canada Housing Trust No. 1 Floating Rate 03-15-2026	4,106,000	4,120	4,104
Government of Canada 2.75% 08-01-2024	950,000	942	930
PSP Capital Inc. 2.05% 01-15-2030	13,000	14	11
PSP Capital Inc. 2.09% 11-22-2023	617,000	634	603

Government Bond Fund S-167G

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
PSP Capital Inc. 2.60% 03-01-2032	80,000	80	71
Total Corporate - Non-convertible		5,790	5,719
Mortgage Backed			
Laurentian Bank of Canada 0.878% 03-01-2026	609,000	514	478
Merrill Lynch 0.988% 03-01-2026	180,000	147	137
Total Mortgage Backed		661	615
Total Canadian Bonds		14,815	14,174
Total Bonds		14,815	14,174
Total Investments		14,815	14,174

Government Bond Fund S-167G

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Government Bond Fund S-167G (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

Government Bond Fund S-167G

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2022 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

The Fund had no significant exposure to foreign currency as at December 31, 2022.

2021						
Currency	Investments	Cash, Short-term Deposits and Overdrafts		Total*	Impact on Net Assets Attributable to Contractholders	
United States Dollar	\$ —	\$ 13	\$ 13	\$ 13	\$ —	
Total	\$ —	\$ 13	\$ 13	\$ 13	\$ —	
As Percent of Net Assets Attributable to Contractholders				0.1%		

*includes both monetary and non-monetary instruments

D. Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Due to the nature of short-term fixed income securities with a remaining term-to-maturity of less than one year, these investments are not generally exposed to a significant risk that their value will fluctuate in response to changes in the prevailing levels of market interest rates. The risk is professionally managed at the security and fund level by the Company.

The table below summarizes the Fund's exposure to interest rate risk by remaining term-to-maturity.

2022						
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total	
Bonds	\$ 760	\$ 11,013	\$ 2,401	\$ —	\$ 14,174	

2021						
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total	
Bonds	\$ 3,734	\$ 13,318	\$ 1,011	\$ —	\$ 18,063	

As at December 31, 2022, had prevailing interest rates increased or decreased by 1% assuming a parallel shift in the yield curve, with all other variables held constant, net assets attributable to contractholders would have decreased or increased, respectively, by approximately \$382 (\$402 at December 31, 2021) or approximately 2.5% (2.1% at December 31, 2021). The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual results may differ and the difference could be significant.

Government Bond Fund S-167G

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt instruments includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt instruments represents the maximum credit risk exposure as at December 31, 2022. The amount of credit risk to any one issuer may be determined from the information reported in the Schedule of Investment Portfolio. The Fund may invest in short-term fixed income securities issued or guaranteed primarily by the Government of Canada or any Canadian provincial government, obligations of Canadian chartered banks or trust companies, and commercial paper with approved credit ratings. The risk of default on these short-term fixed income securities is considered low. The Company monitors credit risk and credit ratings on a regular basis. All new counterparties to financial instruments are subject to an approval process.

There was no change in fair values of financial liabilities as a result of changes in credit risks during 2022 or 2021.

All transactions in listed securities are settled and paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Credit ratings disclosed below are obtained from independent rating agencies including DBRS, Standard & Poor's, Moody's Investors Service and Fitch Ratings. The lowest rating provided by the agencies is used.

Debt securities by credit rating are as follows:

	2022		2021	
	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)
AAA	57.8	53.7	62.3	58.8
AA	26.2	24.4	26.2	24.7
A	16.0	14.9	11.5	10.8
Total	100.0	93.0	100.0	94.3

F. Fair Value Classification

The following table presents information about the Fund's assets and liabilities measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

	2022			
	Assets and Liabilities Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Bonds	\$ —	\$ 14,174	\$ —	\$ 14,174
Derivatives	—	—	—	—
Total assets measured at fair value	\$ —	\$ 14,174	\$ —	\$ 14,174
Liabilities measured at fair value				
Derivatives	\$ —	\$ —	\$ —	\$ —
Net assets attributable to contractholders measured at fair value	\$ —	\$ 14,174	\$ —	\$ 14,174

Government Bond Fund S-167G

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

F. Fair Value Classification (continued)

	2021			
	Assets and Liabilities Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
<u>Assets measured at fair value</u>				
Bonds	\$ —	\$ 18,063	\$ —	\$ 18,063
Derivatives	—	—	—	—
Total assets measured at fair value	\$ —	\$ 18,063	\$ —	\$ 18,063
<u>Liabilities measured at fair value</u>				
Derivatives ⁽¹⁾	\$ 2	\$ —	\$ —	\$ 2
Net assets attributable to contractholders measured at fair value	\$ (2)	\$ 18,063	\$ —	\$ 18,061

⁽¹⁾ Excludes collateral pledged to counterparties of \$22.

There were no significant transfers between Level 1 and Level 2 during 2022 or 2021.

Government Bond Fund S-167G

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Generations/Mosaic	129,903	159,312	193,688	163,571	229,230	1,581	2,046	2,577	2,112	2,962
Generations I	38,939	45,424	52,543	69,411	75,452	435	532	633	806	870
Generations II	11,384	20,599	24,341	25,640	31,302	121	230	280	284	345
Generations Core	22,936	27,768	39,992	26,814	34,486	248	315	466	301	384
75/75 guarantee policy	36,436	43,044	49,200	69,840	86,093	362	448	526	719	880
75/100 guarantee policy	117,429	132,299	148,278	208,309	244,442	1,156	1,365	1,574	2,130	2,483
100/100 guarantee policy	16,612	18,546	20,610	23,410	31,780	163	191	218	239	322
PS1 75/75 guarantee policy	—	6,491	6,488	7,489	10,669	—	69	71	78	110
PS1 75/100 guarantee policy	16,687	42,951	45,469	67,404	207,782	170	455	493	700	2,131
PS2 75/75 guarantee policy	—	—	—	5,065	8,232	—	—	—	59	93
PS2 75/100 guarantee policy	—	7,653	7,759	7,871	7,985	—	93	95	91	90
PS2 100/100 guarantee policy	—	—	—	—	2,387	—	—	—	—	27

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
Generations/Mosaic	12.17	12.84	13.31	12.91	12.92	(0.67)	(0.47)
Generations I	11.18	11.72	12.05	11.61	11.53	(0.54)	(0.33)
Generations II	10.65	11.16	11.49	11.07	11.01	(0.51)	(0.33)
Generations Core	10.82	11.34	11.65	11.22	11.14	(0.52)	(0.31)
75/75 guarantee policy	9.93	10.40	10.69	10.30	10.22	(0.47)	(0.29)
75/100 guarantee policy	9.85	10.32	10.61	10.23	10.16	(0.47)	(0.29)
100/100 guarantee policy	9.80	10.28	10.58	10.20	10.13	(0.48)	(0.30)
PS1 75/75 guarantee policy	—	10.65	10.89	10.42	10.29	—	(0.24)
PS1 75/100 guarantee policy	10.17	10.60	10.84	10.38	10.26	(0.43)	(0.24)
PS2 75/75 guarantee policy	—	—	—	11.61	11.30	—	—
PS2 75/100 guarantee policy	—	12.18	12.27	11.59	11.28	—	(0.09)
PS2 100/100 guarantee policy	—	—	—	—	11.28	—	—

Government Bond Fund S-167G

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Government Bond Fund S-167G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Government Bond Fund S-167G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Government Bond Fund S-167G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Bonds

Bonds are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Government Bond Fund S-167G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Derivatives

Derivatives are classified and measured at fair value. Derivatives are valued using market transactions and other market evidence whenever possible, including market based inputs to models, broker or dealer quotations or alternative pricing sources with reasonable levels of transparency. When models are used, the selection of a particular model to value a derivative depends on the contractual terms of, and specific risks inherent in, the instrument, as well as the availability of pricing information in the market. The Company generally uses similar models to value similar instruments. Valuation models require a variety of inputs, including contractual terms, market prices and rates, yield curves, credit curves, measures volatility, prepayment rates and correlations of such inputs.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Interest income on debt securities - included in the change in fair value of such investments and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Government Bond Fund S-167G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

Government Bond Fund S-167G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Income Allocation

Net gain (loss) on investments, which includes interest income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

Government Bond Fund S-167G

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Portfolio units are those units owned by the Asset Allocation Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Government Bond Fund S-167G

Notes to the Financial Statements

(in Canadian \$ thousands)

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

7. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative contracts, including forward currency, futures and equity swap contracts, are valued at the gain or loss that would arise as a result of closing the position at the reporting date. Options are recorded at fair value as at the reporting date. The Fund may use derivative contracts to hedge against losses caused by changes in securities prices, interest rates, exchange rates and/or other risks. The Fund may also use derivative contracts for non-hedging purposes in order to invest indirectly in financial markets or to gain exposure to other currencies, provided the use of such derivatives is consistent with the Fund's investment objectives and strategies. Foreign currency risk and exposure may be direct or indirect and can include all or a portion of the currency exposure of an existing investment or group of investments. Any such gain or loss on derivative contracts is recorded as part of net gain (loss) on investments.

As at the reporting date, the unrealized gain (loss) on derivative contracts is reflected on the Statement of Financial Position of the Fund.

The Fund manages derivative credit risk through collateral arrangements where required. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented by the Fund regarding the acceptability of types of collateral and the valuation parameters. The Fund Manager monitors the value of the collateral and requests additional collateral when needed.

Government Bond Fund S-167G

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Government Bond Fund S-167G

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
Generations/Mosaic	2.76	2.76	2.75	2.76	2.77
Generations I	2.03	2.03	2.03	2.03	2.12
Generations II	2.10	2.08	2.08	2.09	2.18
Generations Core	1.98	1.98	1.97	1.97	2.07
75/75 guarantee policy	1.98	1.97	1.97	1.97	2.07
75/100 guarantee policy	2.03	2.03	2.03	2.03	2.12
100/100 guarantee policy	2.09	2.08	2.08	2.08	2.18
PS1 75/75 guarantee policy	—	1.39	1.39	1.40	1.40
PS1 75/100 guarantee policy	1.46	1.45	1.45	1.47	1.45

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	41.24	80.51	100.63	77.09	29.14

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
HARBOUR CANADIAN FUND (CI) SF175

December 31, 2022

Independent Auditor's Report

To the Contractholders of Harbour Canadian Fund (CI) SF175 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Harbour Canadian Fund (CI) SF175

(in Canadian \$ thousands)

Fund Manager: Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ 53
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	19	12
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	28,290	33,089
Total investments	28,290	33,089
Total assets	\$ 28,309	\$ 33,154
Liabilities		
Overdrafts	\$ 35	\$ —
Due to The Canada Life Assurance Company (note 8)	3	7
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	38	7
Net assets attributable to contractholders	\$ 28,271	\$ 33,147

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (1,623)	\$ 7,633
Miscellaneous income (loss)	—	—
Total income (loss)	(1,623)	7,633
Expenses		
Management fees (note 8)	860	932
Other	85	91
Total expenses	945	1,023
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (2,568)	\$ 6,610

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 33,147	\$ 29,627
Contractholder deposits	769	496
Contractholder withdrawals	(3,077)	(3,586)
Increase (decrease) in net assets from operations attributable to contractholders	(2,568)	6,610
Change in net assets attributable to contractholders	(4,876)	3,520
Net assets attributable to contractholders - end of year	\$ 28,271	\$ 33,147

Harbour Canadian Fund (CI) SF175

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (2,568)	\$ 6,610
Adjustments		
Realized (gains) losses	(2,586)	(1,104)
Unrealized (gains) losses	7,339	(5,505)
Gross proceeds of disposition of investments	34,307	8,909
Gross payments for the purchase of investments	(31,131)	(4,734)
Distribution income of underlying mutual fund	(3,130)	(1,024)
Change in due from/to The Canada Life Assurance Company	(4)	(9)
Change in due from/to brokers	(7)	17
	<u>2,220</u>	<u>3,160</u>
Financing Activities		
Contractholder deposits	769	496
Contractholder withdrawals	(3,077)	(3,586)
	<u>(2,308)</u>	<u>(3,090)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(88)	70
Cash, short-term deposits and overdrafts, beginning of year	53	(17)
Cash, short-term deposits and overdrafts, end of year	\$ (35)	\$ 53

Harbour Canadian Fund (CI) SF175

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Canada Life Canadian Focused Growth Fund Series S *	2,002,801	28,791	28,290
Total Investments		28,791	28,290

Top 25 Holdings

Security Description	% of Total
Cash and short-term deposits	6.13%
Stantec Inc.	5.20%
TELUS Corp.	4.48%
Aon Corp.	4.41%
Royal Bank of Canada	4.35%
Intact Financial Corp.	3.97%
Keysight Technologies Inc.	3.91%
Accenture PLC Class A	3.89%
Danaher Corp.	3.75%
Thomson Reuters Corp.	3.68%
ON Semiconductor Corp.	3.65%
Premium Brands Holdings Corp.	3.65%
Canadian National Railway Co.	3.58%
Jacobs Solutions Inc.	3.49%
Dollarama Inc.	3.17%
Becton, Dickinson and Co.	3.16%
Thermo Fisher Scientific Inc.	3.15%
CAE Inc.	2.95%
Boyd Group Services Inc.	2.78%
BRP Inc.	2.76%
Amphenol Corp. Class A	2.62%
Nutrien Ltd.	2.56%
Linde PLC	2.48%
Altus Group Ltd.	2.21%
Synopsys Inc.	2.10%

*The issuer of this security is a related company to the issuer of the Fund.

Harbour Canadian Fund (CI) SF175

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Generations/Mosaic	367,181	401,597	467,753	541,679	663,843	12,922	15,356	14,471	16,930	17,697
Generations I	78,261	94,160	107,017	136,978	168,850	1,215	1,583	1,452	1,873	1,965
Generations II	57,540	59,239	70,517	75,325	91,783	755	844	814	878	913
Generations Core	120,826	126,850	132,399	159,852	194,501	1,694	1,921	1,615	1,960	2,024
75/75 guarantee policy	84,882	100,041	106,196	153,472	173,915	1,327	1,690	1,444	2,098	2,018
75/100 guarantee policy	259,868	285,718	276,363	294,458	337,869	3,958	4,710	3,678	3,951	3,858
100/100 guarantee policy	78,394	96,592	117,785	101,596	116,489	1,154	1,545	1,525	1,330	1,301
PS1 75/75 guarantee policy	81,147	80,742	91,459	115,190	119,483	1,291	1,381	1,254	1,580	1,385
PS1 75/100 guarantee policy	189,593	172,434	206,013	115,467	171,322	2,949	2,892	2,775	1,560	1,960
PS1 100/100 guarantee policy	26,347	31,853	13,486	15,021	24,384	396	517	176	198	273
PS2 75/75 guarantee policy	9,729	11,783	5,085	4,090	18,672	204	259	87	69	258
PS2 75/100 guarantee policy	15,606	15,921	17,133	17,790	19,943	327	351	295	298	275
PS2 100/100 guarantee policy	2,239	2,317	1,552	1,621	1,688	47	51	27	27	23
PS 75/100 guarantee policy	—	—	1,326	1,520	1,059	—	—	14	17	10
PPS 75/100 guarantee policy	2,484	3,395	—	1,569	—	32	47	—	17	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
Generations/Mosaic	35.19	38.24	30.94	31.25	26.66	(3.05)	7.30
Generations I	15.53	16.81	13.57	13.68	11.64	(1.28)	3.24
Generations II	13.12	14.25	11.54	11.66	9.95	(1.13)	2.71
Generations Core	14.02	15.15	12.20	12.26	10.41	(1.13)	2.95
75/75 guarantee policy	15.64	16.89	13.60	13.67	11.61	(1.25)	3.29
75/100 guarantee policy	15.23	16.49	13.31	13.42	11.42	(1.26)	3.18
100/100 guarantee policy	14.72	15.99	12.95	13.09	11.17	(1.27)	3.04
PS1 75/75 guarantee policy	15.90	17.11	13.71	13.72	11.59	(1.21)	3.40
PS1 75/100 guarantee policy	15.56	16.77	13.47	13.51	11.44	(1.21)	3.30
PS1 100/100 guarantee policy	15.01	16.23	13.08	13.16	11.18	(1.22)	3.15
PS2 75/75 guarantee policy	20.98	22.01	17.19	16.77	13.81	(1.03)	4.82
PS2 75/100 guarantee policy	20.98	22.01	17.19	16.77	13.81	(1.03)	4.82
PS2 100/100 guarantee policy	20.95	21.99	17.17	16.75	13.79	(1.04)	4.82
PS 75/100 guarantee policy	—	—	10.89	10.85	9.14	—	—
PPS 75/100 guarantee policy	12.96	13.82	—	10.94	—	(0.86)	2.84

Harbour Canadian Fund (CI) SF175

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Harbour Canadian Fund (CI) SF175 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Harbour Canadian Fund (CI) SF175

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Harbour Canadian Fund (CI) SF175

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Harbour Canadian Fund (CI) SF175

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

Harbour Canadian Fund (CI) SF175

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

Harbour Canadian Fund (CI) SF175

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Harbour Canadian Fund (CI) SF175

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

Harbour Canadian Fund (CI) SF175

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Harbour Canadian Fund (CI) SF175

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.

Harbour Canadian Fund (CI) SF175

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Harbour Canadian Fund (CI) SF175

Supplemental Information (unaudited)

PSThe following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
Generations/Mosaic	3.50	3.53	3.52	3.53	3.54
Generations I	3.12	3.31	3.30	3.31	3.32
Generations II	3.47	3.58	3.57	3.58	3.59
Generations Core	2.94	3.03	3.03	3.03	3.08
75/75 guarantee policy	2.94	3.03	3.03	3.03	3.08
75/100 guarantee policy	3.12	3.30	3.30	3.31	3.32
100/100 guarantee policy	3.47	3.58	3.57	3.58	3.59
PS1 75/75 guarantee policy	2.48	2.58	2.58	2.58	2.59
PS1 75/100 guarantee policy	2.69	2.80	2.78	2.80	2.81
PS1 100/100 guarantee policy	3.04	3.13	3.12	3.13	3.15
PS 75/100 guarantee policy	—	—	2.21	2.20	2.20
PPS 75/100 guarantee policy	1.61	1.70	—	1.71	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	103.43	15.27	9.30	2.42	1.84

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
TRUE NORTH FUND (FIDELITY) SF176

December 31, 2022

Independent Auditor's Report

To the Contractholders of True North Fund (Fidelity) SF176 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

True North Fund (Fidelity) SF176

(in Canadian \$ thousands)

Fund Manager: Fidelity Investments Canada ULC

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 425	\$ 101
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	1	—
Due from brokers	170	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	158,884	152,555
Total investments	158,884	152,555
Total assets	\$ 159,480	\$ 152,656
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	16
Due to brokers	—	9
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	25
Net assets attributable to contractholders	\$ 159,480	\$ 152,631

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (5,459)	\$ 29,270
Miscellaneous income (loss)	—	—
Total income (loss)	(5,459)	29,270
Expenses		
Management fees (note 8)	4,494	3,783
Other	474	393
Total expenses	4,968	4,176
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (10,427)	\$ 25,094

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year		
	\$ 152,631	\$ 112,561
Contractholder deposits	31,628	37,735
Contractholder withdrawals	(14,352)	(22,759)
Increase (decrease) in net assets from operations attributable to contractholders	(10,427)	25,094
Change in net assets attributable to contractholders	6,849	40,070
Net assets attributable to contractholders - end of year	\$ 159,480	\$ 152,631

True North Fund (Fidelity) SF176

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (10,427)	\$ 25,094
Adjustments		
Realized (gains) losses	(3,434)	(4,629)
Unrealized (gains) losses	18,092	(15,418)
Gross proceeds of disposition of investments	13,089	13,106
Gross payments for the purchase of investments	(24,877)	(23,735)
Distribution income of underlying mutual fund	(9,199)	(9,223)
Change in due from/to The Canada Life Assurance Company	(17)	(72)
Change in due from/to brokers	(179)	(37)
	<u>(16,952)</u>	<u>(14,914)</u>
Financing Activities		
Contractholder deposits	31,628	37,735
Contractholder withdrawals	(14,352)	(22,759)
	<u>17,276</u>	<u>14,976</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	324	62
Cash, short-term deposits and overdrafts, beginning of year	<u>101</u>	<u>39</u>
Cash, short-term deposits and overdrafts, end of year	<u><u>\$ 425</u></u>	<u><u>\$ 101</u></u>

True North Fund (Fidelity) SF176

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Fidelity True North Fund	2,706,661	125,294	158,884
Total Investments		125,294	158,884

Top 25 Holdings

Security Description	% of Total
Royal Bank of Canada	6.42%
The Toronto-Dominion Bank	4.80%
Canadian Pacific Railway Ltd.	4.68%
Rogers Communications Inc. Class B non-voting	4.31%
Canadian Natural Resources Ltd.	3.56%
Canadian National Railway Co.	3.31%
CGI Group Inc. Class A sub. voting	3.23%
Alimentation Couche-Tard Inc.	3.14%
Dollarama Inc.	3.09%
Intact Financial Corp.	2.68%
Nutrien Ltd.	2.49%
Suncor Energy Inc.	2.38%
Agnico Eagle Mines Ltd.	2.31%
Brookfield Corp.	2.02%
Metro Inc.	1.98%
Franco-Nevada Corp.	1.81%
Constellation Software Inc.	1.75%
TMX Group Ltd.	1.72%
Bank of Montreal	1.71%
WSP Global Inc.	1.55%
George Weston Ltd.	1.44%
TC Energy Corp.	1.44%
Power Corp. of Canada sub. voting *	1.39%
Fortis Inc.	1.18%
Tourmaline Oil Corp.	1.14%

*The issuer of this security is a related company to the issuer of the Fund.

True North Fund (Fidelity) SF176

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Generations/Mosaic	793,416	879,969	981,028	1,142,905	1,375,446	40,269	47,793	43,797	46,950	48,802
Generations I	309,446	339,606	327,805	378,207	445,372	7,264	8,521	6,753	7,162	7,276
Generations II	89,841	95,837	114,439	125,100	144,130	1,598	1,827	1,796	1,810	1,804
Generations Core	142,749	154,350	179,631	215,165	267,318	2,731	3,146	2,996	3,288	3,512
75/75 guarantee policy	560,592	430,660	311,894	315,980	287,862	13,287	10,875	6,445	5,982	4,686
75/100 guarantee policy	1,587,263	1,297,226	986,928	1,038,958	980,086	36,499	31,885	19,918	19,273	15,686
100/100 guarantee policy	239,512	244,144	233,579	237,591	235,955	5,310	5,801	4,570	4,284	3,681
PS1 75/75 guarantee policy	436,373	374,101	178,673	111,119	107,247	10,235	9,311	3,624	2,057	1,700
PS1 75/100 guarantee policy	1,384,987	1,026,281	549,706	491,199	427,818	31,788	25,049	10,960	8,956	6,695
PS1 100/100 guarantee policy	139,462	106,393	92,977	77,675	72,068	3,085	2,511	1,798	1,378	1,101
PS2 75/75 guarantee policy	52,400	55,423	50,335	45,903	46,569	1,631	1,783	1,285	1,041	881
PS2 75/100 guarantee policy	77,124	51,631	36,035	33,318	40,654	2,397	1,658	919	755	768
PS2 100/100 guarantee policy	11,144	8,975	—	—	—	344	287	—	—	—
PS 75/75 guarantee policy	7,757	3,268	2,193	824	—	109	48	26	9	—
PS 75/100 guarantee policy	97,520	50,182	10,758	2,554	—	1,346	732	127	28	—
PS 100/100 guarantee policy	21,550	23,184	—	—	—	292	333	—	—	—
PPS 75/75 guarantee policy	12,180	7,622	—	—	—	173	114	—	—	—
PPS 75/100 guarantee policy	58,224	23,914	2,568	—	—	822	355	31	—	—
PPS 100/100 guarantee policy	21,696	41,230	—	—	—	300	602	—	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
Generations/Mosaic	50.75	54.31	44.64	41.08	35.48	(3.56)	9.67
Generations I	23.47	25.09	20.60	18.94	16.34	(1.62)	4.49
Generations II	17.78	19.06	15.69	14.47	12.51	(1.28)	3.37
Generations Core	19.13	20.38	16.68	15.28	13.14	(1.25)	3.70
75/75 guarantee policy	23.70	25.25	20.66	18.93	16.28	(1.55)	4.59
75/100 guarantee policy	23.00	24.58	20.18	18.55	16.00	(1.58)	4.40
100/100 guarantee policy	22.17	23.76	19.56	18.03	15.60	(1.59)	4.20
PS1 75/75 guarantee policy	23.46	24.89	20.29	18.51	15.85	(1.43)	4.60
PS1 75/100 guarantee policy	22.95	24.41	19.94	18.23	15.65	(1.46)	4.47
PS1 100/100 guarantee policy	22.12	23.60	19.34	17.75	15.28	(1.48)	4.26
PS2 75/75 guarantee policy	31.13	32.17	25.53	22.69	18.92	(1.04)	6.64
PS2 75/100 guarantee policy	31.08	32.12	25.49	22.65	18.89	(1.04)	6.63
PS2 100/100 guarantee policy	30.92	31.95	—	—	—	(1.03)	6.59
PS 75/75 guarantee policy	14.00	14.76	11.94	10.82	—	(0.76)	2.82
PS 75/100 guarantee policy	13.80	14.59	11.85	10.77	—	(0.79)	2.74
PS 100/100 guarantee policy	13.56	14.38	—	—	—	(0.82)	2.67
PPS 75/75 guarantee policy	14.20	14.90	—	—	—	(0.70)	2.90
PPS 75/100 guarantee policy	14.12	14.85	12.00	—	—	(0.73)	2.85
PPS 100/100 guarantee policy	13.84	14.61	—	—	—	(0.77)	2.77

True North Fund (Fidelity) SF176

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The True North Fund (Fidelity) SF176 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

True North Fund (Fidelity) SF176

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

True North Fund (Fidelity) SF176

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

True North Fund (Fidelity) SF176

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

True North Fund (Fidelity) SF176

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

True North Fund (Fidelity) SF176

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

True North Fund (Fidelity) SF176

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

True North Fund (Fidelity) SF176

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

True North Fund (Fidelity) SF176

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.

True North Fund (Fidelity) SF176

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

True North Fund (Fidelity) SF176

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
Generations/Mosaic	3.49	3.49	3.49	3.50	3.51
Generations I	3.38	3.38	3.38	3.39	3.40
Generations II	3.66	3.66	3.66	3.67	3.68
Generations Core	3.05	3.05	3.05	3.06	3.13
75/75 guarantee policy	3.04	3.04	3.05	3.06	3.13
75/100 guarantee policy	3.38	3.37	3.38	3.39	3.40
100/100 guarantee policy	3.66	3.65	3.66	3.67	3.68
PS1 75/75 guarantee policy	2.64	2.63	2.64	2.65	2.66
PS1 75/100 guarantee policy	2.86	2.85	2.87	2.87	2.89
PS1 100/100 guarantee policy	3.19	3.19	3.20	3.21	3.23
PS 75/75 guarantee policy	1.93	1.94	1.94	1.93	—
PS 75/100 guarantee policy	2.27	2.28	2.27	2.28	—
PS 100/100 guarantee policy	2.56	2.56	—	—	—
PPS 75/75 guarantee policy	1.54	1.55	—	—	—
PPS 75/100 guarantee policy	1.75	1.77	1.75	—	—
PPS 100/100 guarantee policy	2.10	2.10	—	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	8.16	10.05	4.65	2.52	1.43

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
CANADIAN EQUITY FUND (HOWSON TATTERSALL) SF177

December 31, 2022

Independent Auditor's Report

To the Contractholders of Canadian Equity Fund (Howson Tattersall) SF177 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Canadian Equity Fund (Howson Tattersall) SF177

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	3	10
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	10,527	11,847
Total investments	10,527	11,847
Total assets	\$ 10,530	\$ 11,857
Liabilities		
Overdrafts	\$ 3	\$ 11
Due to The Canada Life Assurance Company (note 8)	14	3
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	17	14
Net assets attributable to contractholders	\$ 10,513	\$ 11,843

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ 5	\$ 2,830
Miscellaneous income (loss)	—	—
Total income (loss)	5	2,830
Expenses		
Management fees (note 8)	335	333
Other	38	37
Total expenses	373	370
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (368)	\$ 2,460

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 11,843	\$ 10,360
Contractholder deposits	161	30
Contractholder withdrawals	(1,123)	(1,007)
Increase (decrease) in net assets from operations attributable to contractholders	(368)	2,460
Change in net assets attributable to contractholders	(1,330)	1,483
Net assets attributable to contractholders - end of year	\$ 10,513	\$ 11,843

Canadian Equity Fund (Howson Tattersall) SF177

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (368)	\$ 2,460
Adjustments		
Realized (gains) losses	(279)	(247)
Unrealized (gains) losses	899	(1,346)
Gross proceeds of disposition of investments	1,725	1,451
Gross payments for the purchase of investments	(400)	(104)
Distribution income of underlying mutual fund	(625)	(1,237)
Change in due from/to The Canada Life Assurance Company	11	(1)
Change in due from/to brokers	7	7
	<u>970</u>	<u>983</u>
Financing Activities		
Contractholder deposits	161	30
Contractholder withdrawals	(1,123)	(1,007)
	<u>(962)</u>	<u>(977)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	8	6
Cash, short-term deposits and overdrafts, beginning of year	<u>(11)</u>	<u>(17)</u>
Cash, short-term deposits and overdrafts, end of year	<u><u>\$ (3)</u></u>	<u><u>\$ (11)</u></u>

Canadian Equity Fund (Howson Tattersall) SF177

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Howson Tattersall Canadian Value Equity Pool *	656,855	9,461	10,527
Total Investments		9,461	10,527

Top 25 Holdings

Security Description	% of Total
Royal Bank of Canada	7.70%
The Toronto-Dominion Bank	7.23%
Canadian Natural Resources Ltd.	4.46%
Canadian National Railway Co.	4.29%
Canadian Pacific Railway Ltd.	4.28%
Bank of Montreal	4.00%
Suncor Energy Inc.	3.05%
Alimentation Couche-Tard Inc.	2.93%
The Bank of Nova Scotia	2.91%
CGI Group Inc. Class A sub. voting	2.76%
Sun Life Financial Inc.	2.66%
Enbridge Inc.	2.28%
Loblaw Companies Ltd.	2.23%
TC Energy Corp.	2.15%
CCL Industries Inc. Class B non-voting	2.10%
Manulife Financial Corp.	2.08%
Agnico Eagle Mines Ltd.	1.99%
Nutrien Ltd.	1.99%
Empire Co. Ltd. Class A non-voting	1.95%
Brookfield Corp.	1.90%
Boardwalk REIT	1.85%
iA Financial Corp. Inc.	1.85%
Intact Financial Corp.	1.82%
Northland Power Inc.	1.76%
TELUS Corp.	1.49%

*The issuer of this security is a related company to the issuer of the Fund.

Canadian Equity Fund (Howson Tattersall) SF177

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Generations/Mosaic	82,166	85,453	91,100	110,501	136,399	2,462	2,658	2,279	2,692	2,819
Generations I	38,367	37,799	39,669	49,080	68,043	763	778	656	789	927
Generations II	11,053	11,739	14,697	30,416	32,644	200	221	223	449	409
Generations Core	12,146	14,713	15,397	16,232	20,691	238	297	248	253	272
75/75 guarantee policy	27,199	31,902	34,863	46,178	43,135	585	708	618	792	624
75/100 guarantee policy	104,312	124,055	146,093	230,294	230,307	2,166	2,669	2,524	3,868	3,276
100/100 guarantee policy	91,623	103,082	116,882	138,953	44,908	1,833	2,142	1,956	2,267	622
PS1 75/75 guarantee policy	28,459	25,728	24,860	25,347	25,907	629	584	449	441	378
PS1 75/100 guarantee policy	54,315	58,492	57,098	64,245	58,799	1,173	1,300	1,012	1,099	846
PS1 100/100 guarantee policy	2,445	2,718	3,004	3,559	2,660	51	59	52	59	38
PS2 75/75 guarantee policy	2,430	2,483	2,536	2,594	2,650	70	72	58	55	46
PS2 75/100 guarantee policy	929	952	976	9,769	10,886	27	27	22	206	188
PS2 100/100 guarantee policy	10,936	11,324	11,728	12,171	12,611	316	328	263	257	218

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
Generations/Mosaic	29.97	31.10	25.02	24.36	20.67	(1.13)	6.08
Generations I	19.88	20.60	16.54	16.08	13.62	(0.72)	4.06
Generations II	18.11	18.81	15.15	14.76	12.54	(0.70)	3.66
Generations Core	19.56	20.18	16.13	15.61	13.17	(0.62)	4.05
75/75 guarantee policy	21.50	22.18	17.73	17.16	14.47	(0.68)	4.45
75/100 guarantee policy	20.77	21.52	17.28	16.79	14.22	(0.75)	4.24
100/100 guarantee policy	20.00	20.78	16.74	16.31	13.86	(0.78)	4.04
PS1 75/75 guarantee policy	22.10	22.69	18.06	17.40	14.60	(0.59)	4.63
PS1 75/100 guarantee policy	21.59	22.22	17.72	17.11	14.39	(0.63)	4.50
PS1 100/100 guarantee policy	20.84	21.52	17.22	16.68	14.08	(0.68)	4.30
PS2 75/75 guarantee policy	28.93	28.95	22.46	21.09	17.26	(0.02)	6.49
PS2 75/100 guarantee policy	28.93	28.95	22.46	21.09	17.26	(0.02)	6.49
PS2 100/100 guarantee policy	28.95	28.96	22.47	21.10	17.27	(0.01)	6.49

Canadian Equity Fund (Howson Tattersall) SF177

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Canadian Equity Fund (Howson Tattersall) SF177 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Canadian Equity Fund (Howson Tattersall) SF177

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Canadian Equity Fund (Howson Tattersall) SF177

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Canadian Equity Fund (Howson Tattersall) SF177

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

Canadian Equity Fund (Howson Tattersall) SF177

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

Canadian Equity Fund (Howson Tattersall) SF177

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Canadian Equity Fund (Howson Tattersall) SF177

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

Canadian Equity Fund (Howson Tattersall) SF177

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Canadian Equity Fund (Howson Tattersall) SF177

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Canadian Equity Fund (Howson Tattersall) SF177

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Canadian Equity Fund (Howson Tattersall) SF177

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
Generations/Mosaic	3.66	3.65	3.62	3.60	3.60
Generations I	3.49	3.48	3.45	3.43	3.43
Generations II	3.77	3.76	3.74	3.71	3.70
Generations Core	3.05	3.03	3.00	2.99	3.08
75/75 guarantee policy	3.05	3.04	3.01	2.99	3.14
75/100 guarantee policy	3.50	3.48	3.45	3.43	3.43
100/100 guarantee policy	3.77	3.76	3.72	3.71	3.70
PS1 75/75 guarantee policy	2.58	2.57	2.54	2.53	2.53
PS1 75/100 guarantee policy	2.81	2.79	2.77	2.75	2.75
PS1 100/100 guarantee policy	3.14	3.13	3.10	3.08	3.08

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	3.51	0.93	4.29	22.59	8.96

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

U.S. VALUE FUND S-178LL

December 31, 2022

Independent Auditor's Report

To the Contractholders of U.S. Value Fund S-178LL (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

U.S. Value Fund S-178LL

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 2,048	\$ 2,944
Investment income due and accrued	220	149
Due from The Canada Life Assurance Company (note 7)	—	170
Due from brokers	586	—
Due from outside parties	—	—
Investments		
Bonds	—	—
Stocks	146,516	148,231
Investment fund units	—	—
Total investments	146,516	148,231
Total assets	\$ 149,370	\$ 151,494
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	25	—
Due to brokers	366	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	391	—
Net assets attributable to contractholders	\$ 148,979	\$ 151,494

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (1,832)	\$ 32,707
Miscellaneous income (loss)	73	94
Total income (loss)	(1,759)	32,801
Expenses		
Management fees (note 7)	520	540
Transaction costs	95	96
Withholding taxes	387	393
Other	50	54
Total expenses	1,052	1,083
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (2,811)	\$ 31,718

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 151,494	\$ 124,231
Contractholder deposits	12,045	20,753
Contractholder withdrawals	(11,749)	(25,208)
Increase (decrease) in net assets from operations attributable to contractholders	(2,811)	31,718
Change in net assets attributable to contractholders	(2,515)	27,263
Net assets attributable to contractholders - end of year	\$ 148,979	\$ 151,494

U.S. Value Fund S-178LL

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (2,811)	\$ 31,718
Adjustments		
Realized (gains) losses	(9,100)	(24,536)
Unrealized (gains) losses	14,181	(5,345)
Gross proceeds of disposition of investments	157,807	214,867
Gross payments for the purchase of investments	(161,173)	(213,681)
Change in investment income due and accrued	(71)	84
Change in due from/to The Canada Life Assurance Company	195	(170)
Change in due from/to brokers	(220)	—
Change in due from/to outside parties	—	—
	<u>(1,192)</u>	<u>2,937</u>
Financing Activities		
Contractholder deposits	12,045	20,753
Contractholder withdrawals	(11,749)	(25,208)
	<u>296</u>	<u>(4,455)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(896)	(1,518)
Cash, short-term deposits and overdrafts, beginning of year	2,944	4,462
Cash, short-term deposits and overdrafts, end of year	\$ 2,048	\$ 2,944
Supplementary cash flow information		
Dividend income received	\$ 3,142	\$ 2,907

U.S. Value Fund S-178LL

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock			
Communication Services			
Alphabet Inc. Class A	7,080	1,080	846
AT&T Inc.	19,112	567	476
Comcast Corp. Class A	7,151	407	339
Lumen Technologies Inc.	161,961	1,170	1,144
Meta Platforms Inc.	23,101	4,600	3,763
News Corp. Class A	24,650	518	607
Pinterest Inc.	33,231	1,125	1,092
Verizon Communications Inc.	1,870	94	100
Consumer Discretionary			
Amazon.com Inc.	34,427	4,059	3,915
AutoZone Inc.	373	787	1,245
Booking Holdings Inc.	692	1,932	1,888
Expedia Group Inc.	10,648	1,918	1,263
Las Vegas Sands Corp.	3,701	236	241
Live Nation Entertainment Inc.	12,288	1,561	1,160
Macy's Inc.	40,628	1,155	1,136
Marriott International Inc. Class A	3,282	667	662
MGM Resorts International	26,543	1,140	1,205
Nike Inc. Class B	3,166	501	501
O'Reilly Automotive Inc.	1,032	1,166	1,179
Penske Automotive Group Inc.	5,900	595	918
PulteGroup Inc.	19,226	1,198	1,185
The Home Depot Inc.	172	74	74
The Kraft Heinz Co.	24,568	1,213	1,354
Wynn Resorts Ltd.	10,534	1,219	1,176
Consumer Staples			
Altria Group Inc.	26,902	1,473	1,665
Colgate Palmolive Co.	13,101	1,288	1,397
Costco Wholesale Corp.	3,161	1,494	1,953
CVS Health Corp.	17,538	1,501	2,212
PepsiCo Inc.	5,310	1,168	1,299
Philip Morris International Inc.	14,657	1,525	2,008
The Coca-Cola Co.	2,226	166	192
The Procter & Gamble Co.	10,615	2,009	2,178
US Foods Holding Corp.	6,144	277	283

U.S. Value Fund S-178LL

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
United States Common Stock (continued)			
Consumer Staples (continued)			
Walmart Inc.	4,289	785	823
Energy			
Cheniere Energy Inc.	4,868	966	988
Halliburton Co.	5,938	242	316
NOV Inc.	25,095	758	710
PBF Energy Inc.	22,649	1,027	1,250
Schlumberger Ltd.	23,171	1,622	1,677
Financials			
American International Group Inc.	19,397	1,522	1,661
Bank of America Corp.	74,208	3,318	3,327
Berkshire Hathaway Inc. Class B	6,663	2,028	2,786
Brighthouse Financial Inc.	9,414	651	653
Citigroup Inc.	32,603	2,067	1,996
Evercore Inc.	5,612	839	829
Jefferies Financial Group Inc.	14,817	609	688
JPMorgan Chase & Co.	26,415	4,445	4,795
Lincoln National Corp.	22,517	1,611	936
Marsh & McLennan Companies Inc.	3,839	736	860
MGIC Investment Corp.	49,378	845	869
S&P Global Inc.	336	154	152
State Street Corp.	13,271	1,215	1,394
The Allstate Corp.	8,446	1,157	1,550
The Hartford Financial Services Group Inc.	13,043	1,203	1,339
The Travelers Companies Inc.	4,092	1,028	1,039
Wells Fargo & Co.	10,706	646	598
Wintrust Financial Corp.	6,630	726	759
Health Care			
Cardinal Health Inc.	5,931	637	617
Centene Corp.	13,168	1,421	1,462
Edwards Lifesciences Corp.	1,142	141	115
Eli Lilly and Co.	2,576	758	1,276
Incyte Corp.	5,731	542	623
Johnson & Johnson Inc.	10,879	2,294	2,602
McKesson Corp.	3,112	573	1,580

U.S. Value Fund S-178LL

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
United States Common Stock (continued)			
Health Care (continued)			
Merck & Co. Inc.	5,044	586	758
Mettler-Toledo International Inc.	180	291	352
Pfizer Inc.	14,300	959	992
United Therapeutics Corp.	675	151	254
UnitedHealth Group Inc.	1,850	833	1,328
Universal Health Services Inc. Class B	1,554	264	296
Industrials			
Air Lease Corp.	12,496	662	650
Alaska Air Group Inc.	17,856	1,206	1,038
Alcoa Corp.	18,174	1,153	1,119
Caterpillar Inc.	1,036	273	336
Cummins Inc.	2,108	442	691
Emerson Electric Co.	5,080	592	661
General Dynamics Corp.	648	220	218
General Electric Co.	18,204	2,111	2,065
Honeywell International Inc.	1,601	426	464
KBR Inc.	765	53	55
Lockheed Martin Corp.	1,046	573	689
Manpower Inc.	4,079	463	459
Raytheon Technologies Corp.	18,560	2,143	2,536
Republic Services Inc.	5,744	1,084	1,003
Southwest Airlines Co.	10,135	602	462
Textron Inc.	13,628	1,319	1,306
The Boeing Co.	8,822	1,678	2,275
United Airlines Holdings Inc.	23,470	1,268	1,198
United Rentals Inc.	2,849	1,230	1,371
Willscot Mobile Mini Holdings Corp.	2,981	165	182
Information Technology			
Adobe Inc.	457	188	208
Arista Networks Inc.	3,200	363	526
Autodesk Inc.	4,800	1,307	1,214
Automatic Data Processing Inc.	1,463	471	473
Cisco Systems Inc.	22,901	1,373	1,477
Dropbox Inc.	28,909	895	876
Hewlett-Packard Enterprise Co.	68,166	1,243	1,473

U.S. Value Fund S-178LL

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
United States Common Stock (continued)			
Information Technology (continued)			
Intel Corp.	13,170	863	471
Intuit Inc.	1,830	1,124	964
Kyndryl Holdings Inc.	19,095	429	287
Mastercard Inc. Class A	2,806	1,301	1,321
Micron Technology Inc.	23,190	1,696	1,569
Microsoft Corp.	19,180	6,376	6,227
Nutanix Inc.	25,802	935	910
PayPal Holdings Inc.	4,200	492	405
Pure Storage Inc.	28,672	1,022	1,039
Salesforce Inc.	1,312	233	235
Teradyne Inc.	9,457	1,646	1,119
Western Digital Corp.	27,369	1,187	1,169
Workday Inc.	5,376	1,049	1,218
Materials			
AptarGroup Inc.	3,769	564	561
Avery Dennison Corp.	1,074	290	263
FMC Corp.	3,791	571	640
Huntsman Corp.	25,491	991	948
PPG Industries Inc.	1,783	280	303
Sealed Air Corp.	2,811	207	190
Real Estate			
Kimco Realty Corp.	4,678	135	134
National Retail Properties Inc. REIT	11,700	688	725
ProLogis Inc. REIT	3,013	470	460
Rithm Capital Corp. REIT	71,889	861	795
Ryman Hospitality Properties Inc. REIT	5,567	625	616
SBA Communications Corp.	3,230	1,297	1,226
VICI Properties Inc. REIT	31,256	1,342	1,371
Utilities			
Constellation Energy Corp.	2,556	314	298
Edison International	2,346	193	202
Entergy Corp.	7,296	1,072	1,111
Exelon Corp.	25,275	1,130	1,479
Pinnacle West Capital Corp.	6,476	684	667

U.S. Value Fund S-178LL

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
United States Common Stock (continued)			
Utilities (continued)			
PPL Corp.	27,491	1,077	1,087
Southern Co.	18,867	1,434	1,824
The AES Corp.	35,568	777	1,385
Total United States Common Stock		136,391	143,150
Global Common Stock			
Bermuda			
Essent Group Ltd.	12,368	670	651
Invesco Ltd.	8,593	192	209
Ireland			
Medtronic Co. PLC	13,769	1,755	1,449
Puerto Rico			
Popular Inc.	9,334	873	838
United Kingdom			
Liberty Global PLC Class C	8,308	218	219
Total Global Common Stock		3,708	3,366
Total Stocks		140,099	146,516
Transaction Costs (note 2)		(80)	
Total Investments		140,019	146,516

U.S. Value Fund S-178LL

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the U.S. Value Fund S-178LL (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

U.S. Value Fund S-178LL

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2022 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2022

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders	
United States Dollar	\$ 146,516	\$ 1,525	\$ 148,041	\$ 1,480	
Total	\$ 146,516	\$ 1,525	\$ 148,041	\$ 1,480	
As Percent of Net Assets Attributable to Contractholders				99.4%	1.0%

*includes both monetary and non-monetary instruments

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders	
United States Dollar	\$ 148,231	\$ 502	\$ 148,733	\$ 1,487	
Total	\$ 148,231	\$ 502	\$ 148,733	\$ 1,487	
As Percent of Net Assets Attributable to Contractholders				98.2%	1.0%

*includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2022, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$1,465 (\$1,482 at December 31, 2021) or approximately 1.0% (1.0% at December 31, 2021) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

U.S. Value Fund S-178LL

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

<u>Assets measured at fair value</u>	2022			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 146,516	\$ —	\$ —	\$ 146,516
Total assets measured at fair value	\$ 146,516	\$ —	\$ —	\$ 146,516

<u>Assets measured at fair value</u>	2021			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 148,231	\$ —	\$ —	\$ 148,231
Total assets measured at fair value	\$ 148,231	\$ —	\$ —	\$ 148,231

There were no significant transfers between Level 1 and Level 2 during 2022 or 2021.

U.S. Value Fund S-178LL

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Generations/Mosaic	457,562	487,939	381,856	461,695	571,339	6,456	7,226	4,582	5,985	6,697
Generations I	96,381	100,821	105,267	125,425	144,483	1,831	2,006	1,693	2,175	2,260
Generations II	49,742	54,197	92,894	98,439	109,135	898	1,028	1,428	1,636	1,641
Generations Core	111,959	117,293	130,127	170,552	234,944	2,167	2,373	2,123	2,994	3,712
75/75 guarantee policy	60,449	73,735	88,042	134,049	129,178	1,589	2,026	1,951	3,196	2,772
75/100 guarantee policy	119,079	127,883	161,787	236,440	283,904	3,057	3,438	3,516	5,540	6,001
100/100 guarantee policy	34,191	38,435	46,184	54,310	73,848	847	999	974	1,237	1,522
PS1 75/75 guarantee policy	25,150	25,310	21,875	61,238	86,572	615	644	447	1,340	1,697
PS1 75/100 guarantee policy	58,724	69,104	69,202	116,965	126,480	1,393	1,710	1,379	2,502	2,431
PS1 100/100 guarantee policy	9,733	12,759	13,698	19,069	21,006	222	304	264	396	394
PS2 75/75 guarantee policy	5,127	5,232	5,595	14,895	14,670	159	165	139	387	334
PS2 75/100 guarantee policy	7,075	7,176	8,015	8,121	9,927	220	227	199	211	226
PS2 100/100 guarantee policy	1,848	1,892	1,938	1,988	—	57	60	48	52	—
PS 75/100 guarantee policy	—	137	2,347	2,363	—	—	2	23	24	—
PPS 75/100 guarantee policy	3,457	—	—	—	—	41	—	—	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
Generations/Mosaic	14.11	14.81	12.00	12.96	11.72	(0.70)	2.81
Generations I	19.00	19.90	16.08	17.34	15.64	(0.90)	3.82
Generations II	18.06	18.96	15.37	16.62	15.03	(0.90)	3.59
Generations Core	19.36	20.23	16.32	17.55	15.80	(0.87)	3.91
75/75 guarantee policy	26.29	27.48	22.16	23.84	21.46	(1.19)	5.32
75/100 guarantee policy	25.67	26.89	21.73	23.43	21.14	(1.22)	5.16
100/100 guarantee policy	24.76	26.00	21.08	22.79	20.61	(1.24)	4.92
PS1 75/75 guarantee policy	24.46	25.44	20.43	21.87	19.60	(0.98)	5.01
PS1 75/100 guarantee policy	23.72	24.75	19.92	21.39	19.22	(1.03)	4.83
PS1 100/100 guarantee policy	22.78	23.85	19.28	20.78	18.74	(1.07)	4.57
PS2 75/75 guarantee policy	31.07	31.61	24.81	25.98	22.76	(0.54)	6.80
PS2 75/100 guarantee policy	31.09	31.63	24.83	26.00	22.78	(0.54)	6.80
PS2 100/100 guarantee policy	31.05	31.58	24.79	25.96	—	(0.53)	6.79
PS 75/100 guarantee policy	—	12.02	9.61	10.25	—	—	2.41
PPS 75/100 guarantee policy	11.82	—	—	—	—	(0.37)	—

U.S. Value Fund S-178LL

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

U.S. Value Fund S-178LL

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

U.S. Value Fund S-178LL

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

U.S. Value Fund S-178LL

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) **Stocks**

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

d) **Cash, Short-term Deposits and Overdrafts**

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

U.S. Value Fund S-178LL

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

U.S. Value Fund S-178LL

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

U.S. Value Fund S-178LL

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

U.S. Value Fund S-178LL

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

Portfolio units are those units owned by the Asset Allocation Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

U.S. Value Fund S-178LL

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

U.S. Value Fund S-178LL

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
Generations/Mosaic	3.14	3.14	3.15	3.15	3.16
Generations I	2.92	2.93	2.93	2.93	2.94
Generations II	3.19	3.22	3.20	3.21	3.21
Generations Core	2.70	2.71	2.71	2.71	2.74
75/75 guarantee policy	2.70	2.71	2.71	2.71	2.74
75/100 guarantee policy	2.92	2.93	2.93	2.93	2.94
100/100 guarantee policy	3.19	3.21	3.20	3.21	3.22
PS1 75/75 guarantee policy	2.24	2.25	2.26	2.25	2.26
PS1 75/100 guarantee policy	2.52	2.53	2.53	2.53	2.54
PS1 100/100 guarantee policy	2.90	2.91	2.91	2.91	2.92
PS 75/100 guarantee policy	—	1.85	1.83	1.82	—
PPS 75/100 guarantee policy	1.43	—	—	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	109.18	161.36	100.74	100.97	90.70

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
INTERNATIONAL EQUITY FUND (CI) SF182

December 31, 2022

Independent Auditor's Report

To the Contractholders of International Equity Fund (CI) SF182 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

International Equity Fund (CI) SF182

(in Canadian \$ thousands)

Fund Manager: Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	1	1
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	3,554	4,804
Total investments	3,554	4,804
Total assets	\$ 3,555	\$ 4,805
Liabilities		
Overdrafts	\$ 1	\$ 1
Due to The Canada Life Assurance Company (note 8)	1	2
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	2	3
Net assets attributable to contractholders	\$ 3,553	\$ 4,802

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (171)	\$ 725
Miscellaneous income (loss)	—	—
Total income (loss)	(171)	725
Expenses		
Management fees (note 8)	108	153
Other	11	15
Total expenses	119	168
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (290)	\$ 557

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year		
	\$ 4,802	\$ 28,942
Contractholder deposits	28	1,138
Contractholder withdrawals	(987)	(25,835)
Increase (decrease) in net assets from operations attributable to contractholders	(290)	557
Change in net assets attributable to contractholders	(1,249)	(24,140)
Net assets attributable to contractholders - end of year	\$ 3,553	\$ 4,802

International Equity Fund (CI) SF182

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (290)	\$ 557
Adjustments		
Realized (gains) losses	(187)	(2,246)
Unrealized (gains) losses	481	1,652
Gross proceeds of disposition of investments	5,101	26,119
Gross payments for the purchase of investments	(4,022)	(1,254)
Distribution income of underlying mutual fund	(123)	(131)
Change in due from/to The Canada Life Assurance Company	(1)	5
Change in due from/to brokers	—	7
	<u>959</u>	<u>24,709</u>
Financing Activities		
Contractholder deposits	28	1,138
Contractholder withdrawals	(987)	(25,835)
	<u>(959)</u>	<u>(24,697)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	12
Cash, short-term deposits and overdrafts, beginning of year	<u>(1)</u>	<u>(13)</u>
Cash, short-term deposits and overdrafts, end of year	<u>\$ (1)</u>	<u>\$ (1)</u>

International Equity Fund (CI) SF182

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Canada Life International Equity Fund Series S *	330,400	3,574	3,554
Total Investments		3,574	3,554

Top 25 Holdings

Security Description	% of Total
Nestle SA	3.99%
Shell PLC	3.32%
TotalEnergies SE	3.23%
Roche Holding AG Genusscheine	3.10%
AstraZeneca PLC	2.83%
Novo Nordisk AS	2.65%
LVMH Moet Hennessy Louis Vuitton SE	2.36%
ASML Holding NV	2.24%
BHP Group Ltd.	2.19%
DBS Group Holdings Ltd.	2.11%
Diageo PLC	2.04%
AIA Group Ltd.	2.02%
Iberdrola SA	1.95%
Allianz SE	1.93%
Nippon Telegraph & Telephone Corp.	1.83%
Keyence Corp.	1.73%
Sony Group Corp.	1.73%
RWE AG	1.61%
RELX PLC	1.58%
Muenchener Rueckversicherungs-Gesellschaft AG	1.52%
AXA SA	1.51%
Tokio Marine Holdings Inc.	1.51%
L'Oreal SA	1.50%
Vinci SA	1.50%
Shin-Etsu Chemical Co. Ltd.	1.42%

*The issuer of this security is a related company to the issuer of the Fund.

International Equity Fund (CI) SF182

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Generations/Mosaic	133,464	159,582	200,517	229,891	322,996	954	1,215	1,479	1,734	2,183
Generations I	21,550	29,148	31,225	40,671	42,379	246	353	366	486	453
Generations II	6,151	15,118	4,946	8,994	23,677	62	162	51	95	225
Generations Core	6,724	18,934	7,349	17,404	25,110	73	217	81	196	252
75/75 guarantee policy	44,764	50,292	59,851	84,718	86,361	763	906	1,040	1,499	1,363
75/100 guarantee policy	27,956	40,830	49,539	65,309	80,045	464	718	842	1,133	1,241
100/100 guarantee policy	6,517	7,126	7,098	7,867	19,632	103	120	116	132	295
PS1 75/75 guarantee policy	20,186	25,259	27,535	33,077	33,015	359	473	495	603	534
PS1 75/100 guarantee policy	18,291	23,076	23,912	23,958	31,981	314	418	418	425	506
PS1 100/100 guarantee policy	—	—	—	—	5,174	—	—	—	—	80
PS2 75/75 guarantee policy	2,661	838	860	884	907	63	20	20	20	18
PS2 75/100 guarantee policy	6,373	8,179	8,432	8,698	9,138	152	200	193	196	178
PS2 100/100 guarantee policy	—	—	6	9	9	—	—	—	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
Generations/Mosaic	7.15	7.61	7.38	7.54	6.76	(0.46)	0.23
Generations I	11.43	12.11	11.71	11.95	10.68	(0.68)	0.40
Generations II	10.05	10.69	10.37	10.61	9.52	(0.64)	0.32
Generations Core	10.82	11.44	11.03	11.24	10.02	(0.62)	0.41
75/75 guarantee policy	17.04	18.02	17.38	17.70	15.78	(0.98)	0.64
75/100 guarantee policy	16.59	17.58	17.00	17.35	15.51	(0.99)	0.58
100/100 guarantee policy	15.87	16.89	16.38	16.77	15.04	(1.02)	0.51
PS1 75/75 guarantee policy	17.77	18.72	17.97	18.22	16.17	(0.95)	0.75
PS1 75/100 guarantee policy	17.16	18.13	17.46	17.76	15.82	(0.97)	0.67
PS1 100/100 guarantee policy	—	—	—	—	15.37	—	—
PS2 75/75 guarantee policy	23.89	24.51	22.89	22.56	19.48	(0.62)	1.62
PS2 75/100 guarantee policy	23.87	24.49	22.87	22.54	19.46	(0.62)	1.62
PS2 100/100 guarantee policy	—	—	22.83	22.51	19.45	—	—

International Equity Fund (CI) SF182

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The International Equity Fund (CI) SF182 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

International Equity Fund (CI) SF182

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

International Equity Fund (CI) SF182

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

International Equity Fund (CI) SF182

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

International Equity Fund (CI) SF182

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

International Equity Fund (CI) SF182

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

International Equity Fund (CI) SF182

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

International Equity Fund (CI) SF182

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

International Equity Fund (CI) SF182

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.

International Equity Fund (CI) SF182

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

International Equity Fund (CI) SF182

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
Generations/Mosaic	3.71	3.70	3.71	3.70	3.70
Generations I	3.28	3.48	3.49	3.48	3.48
Generations II	3.64	3.81	3.82	3.81	3.81
Generations Core	3.04	3.26	3.28	3.26	3.28
75/75 guarantee policy	3.05	3.27	3.27	3.25	3.27
75/100 guarantee policy	3.30	3.48	3.49	3.48	3.49
100/100 guarantee policy	3.64	3.81	3.81	3.81	3.81
PS1 75/75 guarantee policy	2.63	2.81	2.81	2.80	2.81
PS1 75/100 guarantee policy	2.96	3.13	3.13	3.13	3.14
PS1 100/100 guarantee policy	—	—	—	—	3.56

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	104.10	10.86	23.86	4.55	10.23

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
GLOBAL FUTURE FUND S-183MF

December 31, 2022

Independent Auditor's Report

To the Contractholders of Global Future Fund S-183MF (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Global Future Fund S-183MF

(in Canadian \$ thousands)

Fund Manager: Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ 574
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	320
Due from brokers	33	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	382,813	422,123
Total investments	382,813	422,123
Total assets	\$ 382,846	\$ 423,017
Liabilities		
Overdrafts	\$ 462	\$ —
Due to The Canada Life Assurance Company (note 8)	223	—
Due to brokers	—	86
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	685	86
Net assets attributable to contractholders	\$ 382,161	\$ 422,931

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (82,876)	\$ 77,595
Miscellaneous income (loss)	—	—
Total income (loss)	(82,876)	77,595
Expenses		
Management fees (note 8)	6,686	5,679
Other	718	586
Total expenses	7,404	6,265
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (90,280)	\$ 71,330

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year		
	\$ 422,931	\$ 221,785
Contractholder deposits	76,393	162,573
Contractholder withdrawals	(26,883)	(32,757)
Increase (decrease) in net assets from operations attributable to contractholders	(90,280)	71,330
Change in net assets attributable to contractholders	(40,770)	201,146
Net assets attributable to contractholders - end of year	\$ 382,161	\$ 422,931

Global Future Fund S-183MF

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (90,280)	\$ 71,330
Adjustments		
Realized (gains) losses	(1,102)	(1,894)
Unrealized (gains) losses	86,760	(56,607)
Gross proceeds of disposition of investments	350,082	263,746
Gross payments for the purchase of investments	(393,648)	(386,661)
Distribution income of underlying mutual fund	(2,782)	(19,094)
Change in due from/to The Canada Life Assurance Company	543	(261)
Change in due from/to brokers	(119)	(82)
	<u>(50,546)</u>	<u>(129,523)</u>
Financing Activities		
Contractholder deposits	76,393	162,573
Contractholder withdrawals	(26,883)	(32,757)
	<u>49,510</u>	<u>129,816</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(1,036)	293
Cash, short-term deposits and overdrafts, beginning of year	574	281
Cash, short-term deposits and overdrafts, end of year	\$ (462)	\$ 574

Global Future Fund S-183MF

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Canada Life Global Growth Opportunities Fund S *	18,825,534	363,583	382,813
Total Investments		363,583	382,813

Top 25 Holdings

Security Description	% of Total
Cash and short-term deposits	4.56%
Aon Corp.	4.04%
Linde PLC	3.78%
Danaher Corp.	3.57%
LVMH Moet Hennessy Louis Vuitton SE	3.36%
Thermo Fisher Scientific Inc.	3.24%
Schneider Electric SA	3.21%
Alcon Inc. ADR	3.17%
Roper Technologies Inc.	3.15%
Diageo PLC	3.13%
L'Oreal SA	3.08%
Amphenol Corp. Class A	3.00%
Rentokil Initial PLC	2.93%
PepsiCo Inc.	2.89%
Starbucks Corp.	2.89%
Synopsys Inc.	2.85%
Keysight Technologies Inc.	2.76%
Trane Technologies PLC	2.74%
Accenture PLC Class A	2.73%
ON Semiconductor Corp.	2.73%
Becton, Dickinson and Co.	2.56%
Symrise AG	2.53%
Jacobs Solutions Inc.	2.40%
Gartner Inc.	2.30%
Costco Wholesale Corp.	2.20%

*The issuer of this security is a related company to the issuer of the Fund.

Global Future Fund S-183MF

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 4 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Generations/Mosaic	409,603	478,368	506,307	565,733	568,788	11,655	17,455	15,181	14,436	11,926
Generations I	134,638	194,034	242,332	230,366	257,735	3,710	6,830	6,982	5,627	5,153
Generations II	35,161	41,880	44,242	51,178	44,108	753	1,150	999	984	697
Generations Core	36,302	45,426	50,269	81,012	102,205	852	1,359	1,229	1,675	1,726
75/75 guarantee policy	1,384,396	1,205,940	724,424	341,549	191,022	41,059	45,593	22,372	8,924	4,076
75/100 guarantee policy	2,753,513	2,568,830	1,557,766	816,511	528,638	79,469	94,707	47,011	20,890	11,070
100/100 guarantee policy	171,888	186,160	165,546	129,761	100,887	4,702	6,533	4,775	3,187	2,036
PS1 75/75 guarantee policy	903,294	834,884	404,571	145,748	99,995	26,040	30,536	12,030	3,649	2,034
PS1 75/100 guarantee policy	2,250,405	1,858,471	920,872	367,815	216,201	62,674	65,888	26,631	8,983	4,305
PS1 100/100 guarantee policy	120,339	150,621	80,690	67,863	31,076	3,193	5,110	2,243	1,600	600
PS2 75/75 guarantee policy	261,252	119,834	67,468	46,933	25,299	9,866	5,595	2,496	1,425	609
PS2 75/100 guarantee policy	324,493	289,909	189,370	111,649	93,282	12,247	13,528	7,002	3,388	2,243
PS 75/75 guarantee policy	106,568	89,041	53,789	7,054	7,035	1,399	1,473	719	79	64
PS 75/100 guarantee policy	195,344	132,078	36,944	9,082	—	2,540	2,169	491	101	—
PS 100/100 guarantee policy	2,798	4,257	3,094	—	—	36	69	41	—	—
PPS 75/75 guarantee policy	212,338	177,575	78,969	20,081	—	2,849	2,989	1,069	226	—
PPS 75/100 guarantee policy	432,786	397,983	113,464	57,725	3,608	5,721	6,623	1,523	647	33
PPS 100/100 guarantee policy	42,365	31,268	13,652	1,800	—	549	512	181	20	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
Generations/Mosaic	28.45	36.49	29.98	25.52	20.97	(8.04)	6.51
Generations I	27.56	35.20	28.81	24.43	19.99	(7.64)	6.39
Generations II	21.41	27.47	22.58	19.22	15.80	(6.06)	4.89
Generations Core	23.47	29.92	24.44	20.68	16.89	(6.45)	5.48
75/75 guarantee policy	29.66	37.81	30.88	26.13	21.34	(8.15)	6.93
75/100 guarantee policy	28.86	36.87	30.18	25.59	20.94	(8.01)	6.69
100/100 guarantee policy	27.36	35.09	28.85	24.56	20.18	(7.73)	6.24
PS1 75/75 guarantee policy	28.83	36.58	29.74	25.03	20.34	(7.75)	6.84
PS1 75/100 guarantee policy	27.85	35.45	28.92	24.42	19.91	(7.60)	6.53
PS1 100/100 guarantee policy	26.54	33.93	27.80	23.58	19.31	(7.39)	6.13
PS2 75/75 guarantee policy	37.77	46.69	37.00	30.36	24.06	(8.92)	9.69
PS2 75/100 guarantee policy	37.74	46.66	36.97	30.34	24.04	(8.92)	9.69
PS 75/75 guarantee policy	13.12	16.55	13.37	11.18	9.04	(3.43)	3.18
PS 75/100 guarantee policy	13.00	16.43	13.30	11.15	—	(3.43)	3.13
PS 100/100 guarantee policy	12.76	16.19	13.16	—	—	(3.43)	3.03
PPS 75/75 guarantee policy	13.42	16.83	13.54	11.27	—	(3.41)	3.29
PPS 75/100 guarantee policy	13.22	16.64	13.43	11.21	9.04	(3.42)	3.21
PPS 100/100 guarantee policy	12.96	16.39	13.28	11.14	—	(3.43)	3.11

Global Future Fund S-183MF

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Global Future Fund S-183MF (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Global Future Fund S-183MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Global Future Fund S-183MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Global Future Fund S-183MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

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Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

Global Future Fund S-183MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Global Future Fund S-183MF

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

Global Future Fund S-183MF

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Portfolio units are those units owned by the Asset Allocation Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Global Future Fund S-183MF

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Global Future Fund S-183MF

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Global Future Fund S-183MF

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
Generations/Mosaic	3.66	3.64	3.64	3.65	3.64
Generations I	3.28	3.26	3.25	3.26	3.26
Generations II	3.69	3.67	3.67	3.68	3.68
Generations Core	3.06	3.05	3.05	3.05	3.05
75/75 guarantee policy	3.05	3.03	3.03	3.05	3.04
75/100 guarantee policy	3.27	3.24	3.24	3.26	3.25
100/100 guarantee policy	3.69	3.67	3.66	3.68	3.69
PS1 75/75 guarantee policy	2.58	2.56	2.52	2.54	2.53
PS1 75/100 guarantee policy	2.91	2.89	2.86	2.87	2.86
PS1 100/100 guarantee policy	3.37	3.33	3.30	3.32	3.31
PS 75/75 guarantee policy	1.95	1.93	1.93	1.94	1.93
PS 75/100 guarantee policy	2.15	2.14	2.14	2.13	—
PS 100/100 guarantee policy	2.60	2.56	2.57	—	—
PPS 75/75 guarantee policy	1.48	1.46	1.43	1.43	—
PPS 75/100 guarantee policy	1.81	1.79	1.76	1.77	1.75
PPS 100/100 guarantee policy	2.25	2.23	2.20	2.20	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
PS1 75/75 guarantee policy	2.58	2.56	2.56	2.57	2.56
PS1 75/100 guarantee policy	2.91	2.89	2.90	2.90	2.89
PS1 100/100 guarantee policy	3.37	3.33	3.34	3.35	3.34
PPS 75/75 guarantee policy	1.48	1.46	1.47	1.46	—
PPS 75/100 guarantee policy	1.81	1.79	1.80	1.80	1.78
PPS 100/100 guarantee policy	2.25	2.23	2.24	2.23	—

Portfolio Turnover Rate (%) ⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	91.83	83.72	4.10	8.16	6.99

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
INTERNATIONAL PORTFOLIO FUND (FIDELITY) SF184

December 31, 2022

Independent Auditor's Report

To the Contractholders of International Portfolio Fund (Fidelity) SF184 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

International Portfolio Fund (Fidelity) SF184

(in Canadian \$ thousands)

Fund Manager: Fidelity Investments Canada ULC

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	17	9
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	83,110	108,414
Total investments	83,110	108,414
Total assets	\$ 83,127	\$ 108,423
Liabilities		
Overdrafts	\$ 55	\$ 37
Due to The Canada Life Assurance Company (note 8)	55	28
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	110	65
Net assets attributable to contractholders	\$ 83,017	\$ 108,358

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (14,431)	\$ 12,874
Miscellaneous income (loss)	—	—
Total income (loss)	(14,431)	12,874
Expenses		
Management fees (note 8)	2,543	2,912
Other	231	266
Total expenses	2,774	3,178
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (17,205)	\$ 9,696

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 108,358	\$ 78,236
Contractholder deposits	8,986	28,672
Contractholder withdrawals	(17,122)	(8,246)
Increase (decrease) in net assets from operations attributable to contractholders	(17,205)	9,696
Change in net assets attributable to contractholders	(25,341)	30,122
Net assets attributable to contractholders - end of year	\$ 83,017	\$ 108,358

International Portfolio Fund (Fidelity) SF184

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (17,205)	\$ 9,696
Adjustments		
Realized (gains) losses	(4,137)	(2,292)
Unrealized (gains) losses	19,703	(8,790)
Gross proceeds of disposition of investments	16,313	7,083
Gross payments for the purchase of investments	(5,440)	(24,391)
Distribution income of underlying mutual fund	(1,135)	(1,792)
Change in due from/to The Canada Life Assurance Company	27	18
Change in due from/to brokers	(8)	25
	<u>8,118</u>	<u>(20,443)</u>
Financing Activities		
Contractholder deposits	8,986	28,672
Contractholder withdrawals	(17,122)	(8,246)
	<u>(8,136)</u>	<u>20,426</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(18)	(17)
Cash, short-term deposits and overdrafts, beginning of year	(37)	(20)
Cash, short-term deposits and overdrafts, end of year	\$ (55)	\$ (37)

International Portfolio Fund (Fidelity) SF184

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Fidelity Global Fund	924,862	67,799	83,110
Total Investments		67,799	83,110

Top 25 Holdings

Security Description	% of Total
Microsoft Corp.	4.41%
Alphabet Inc. Class A	2.37%
JPMorgan Chase & Co.	2.34%
UnitedHealth Group Inc.	2.21%
Johnson & Johnson Inc.	2.06%
Canadian Pacific Railway Ltd.	1.90%
HCA Healthcare Inc.	1.87%
AmerisourceBergen Corp.	1.82%
Mastercard Inc. Class A	1.77%
Cigna Corp.	1.60%
IQVIA Holdings Inc.	1.60%
Baker Hughes Co.	1.45%
TDK Corp.	1.42%
Intercontinental Exchange Inc.	1.38%
E.ON SE	1.33%
Centene Corp.	1.32%
Amazon.com Inc.	1.30%
Bristol-Myers Squibb Co.	1.28%
W.W. Grainger Inc.	1.27%
Quanta Services Inc.	1.26%
AstraZeneca PLC	1.25%
Sony Group Corp.	1.23%
Norfolk Southern Corp.	1.19%
Aon Corp.	1.17%
Deutsche Boerse AG	1.16%

International Portfolio Fund (Fidelity) SF184

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Generations/Mosaic	545,309	585,309	630,020	790,422	888,234	9,708	12,567	12,233	13,056	12,384
Generations I	97,428	115,380	119,281	130,004	171,641	1,820	2,598	2,428	2,249	2,506
Generations II	84,117	81,458	74,977	64,743	78,435	1,415	1,657	1,383	1,019	1,045
Generations Core	75,163	93,626	96,865	117,337	119,774	1,366	2,045	1,908	1,959	1,683
75/75 guarantee policy	415,971	444,100	289,052	330,376	382,412	10,994	14,109	8,278	8,022	7,812
75/100 guarantee policy	880,639	952,512	853,619	836,863	780,566	22,724	29,626	23,998	20,004	15,740
100/100 guarantee policy	249,407	246,213	204,177	197,966	197,910	6,165	7,360	5,535	4,578	3,873
PS1 75/75 guarantee policy	187,011	336,063	149,641	91,532	98,392	5,175	11,134	4,451	2,299	2,071
PS1 75/100 guarantee policy	612,520	586,307	465,156	404,635	344,119	16,369	18,822	13,451	9,914	7,088
PS1 100/100 guarantee policy	73,795	84,255	51,050	36,327	27,828	1,882	2,592	1,421	861	557
PS2 75/75 guarantee policy	23,979	21,194	20,366	41,949	30,240	893	920	771	1,305	767
PS2 75/100 guarantee policy	43,032	37,107	21,572	18,486	17,286	1,603	1,610	817	575	438
PS2 100/100 guarantee policy	18,551	20,932	15,599	16,178	25,064	692	909	591	504	636
PS 75/75 guarantee policy	35,377	45,733	25,759	14,963	—	435	669	336	164	—
PS 75/100 guarantee policy	36,140	28,408	14,619	11,663	2,769	439	411	189	127	25
PS 100/100 guarantee policy	26,676	9,184	3,233	—	—	319	131	41	—	—
PPS 75/75 guarantee policy	20,753	23,154	16,967	933	—	260	343	223	10	—
PPS 75/100 guarantee policy	56,409	40,443	9,928	8,693	8,771	696	593	130	95	80
PPS 100/100 guarantee policy	5,141	18,144	4,003	—	—	62	262	52	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
Generations/Mosaic	17.80	21.47	19.42	16.52	13.94	(3.67)	2.05
Generations I	18.68	22.52	20.35	17.30	14.60	(3.84)	2.17
Generations II	16.83	20.35	18.45	15.74	13.32	(3.52)	1.90
Generations Core	18.17	21.85	19.69	16.70	14.05	(3.68)	2.16
75/75 guarantee policy	26.43	31.77	28.64	24.28	20.43	(5.34)	3.13
75/100 guarantee policy	25.80	31.10	28.11	23.90	20.16	(5.30)	2.99
100/100 guarantee policy	24.72	29.89	27.11	23.12	19.57	(5.17)	2.78
PS1 75/75 guarantee policy	27.67	33.13	29.75	25.12	21.05	(5.46)	3.38
PS1 75/100 guarantee policy	26.72	32.10	28.92	24.50	20.60	(5.38)	3.18
PS1 100/100 guarantee policy	25.50	30.77	27.84	23.69	20.00	(5.27)	2.93
PS2 75/75 guarantee policy	37.26	43.39	37.88	31.12	25.36	(6.13)	5.51
PS2 75/100 guarantee policy	37.26	43.39	37.88	31.12	25.36	(6.13)	5.51
PS2 100/100 guarantee policy	37.27	43.41	37.90	31.13	25.37	(6.14)	5.51
PS 75/75 guarantee policy	12.30	14.62	13.04	10.93	—	(2.32)	1.58
PS 75/100 guarantee policy	12.15	14.48	12.95	10.89	9.09	(2.33)	1.53
PS 100/100 guarantee policy	11.97	14.32	12.84	—	—	(2.35)	1.48
PPS 75/75 guarantee policy	12.52	14.82	13.17	11.00	—	(2.30)	1.65
PPS 75/100 guarantee policy	12.34	14.66	13.06	10.95	9.10	(2.32)	1.60
PPS 100/100 guarantee policy	12.10	14.44	12.92	—	—	(2.34)	1.52

International Portfolio Fund (Fidelity) SF184

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The International Portfolio Fund (Fidelity) SF184 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

International Portfolio Fund (Fidelity) SF184

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

International Portfolio Fund (Fidelity) SF184

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

International Portfolio Fund (Fidelity) SF184

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

International Portfolio Fund (Fidelity) SF184

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

International Portfolio Fund (Fidelity) SF184

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

International Portfolio Fund (Fidelity) SF184

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

International Portfolio Fund (Fidelity) SF184

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

International Portfolio Fund (Fidelity) SF184

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.

International Portfolio Fund (Fidelity) SF184

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

International Portfolio Fund (Fidelity) SF184

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
Generations/Mosaic	3.51	3.51	3.50	3.51	3.53
Generations I	3.46	3.45	3.45	3.46	3.48
Generations II	3.78	3.78	3.77	3.78	3.80
Generations Core	3.18	3.18	3.18	3.18	3.24
75/75 guarantee policy	3.18	3.17	3.18	3.18	3.23
75/100 guarantee policy	3.45	3.45	3.45	3.45	3.47
100/100 guarantee policy	3.78	3.77	3.77	3.78	3.79
PS1 75/75 guarantee policy	2.80	2.77	2.77	2.78	2.79
PS1 75/100 guarantee policy	3.11	3.10	3.10	3.11	3.13
PS1 100/100 guarantee policy	3.55	3.53	3.53	3.55	3.56
PS 75/75 guarantee policy	2.09	2.08	2.08	2.09	—
PS 75/100 guarantee policy	2.36	2.35	2.36	2.36	2.36
PS 100/100 guarantee policy	2.69	2.69	2.67	—	—
PPS 75/75 guarantee policy	1.69	1.69	1.67	1.69	—
PPS 75/100 guarantee policy	2.01	2.00	2.01	2.02	2.02
PPS 100/100 guarantee policy	2.45	2.46	2.45	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	6.17	7.27	13.08	9.97	12.59

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
DIVIDEND FUND S-189LL

December 31, 2022

Independent Auditor's Report

To the Contractholders of Dividend Fund S-189LL (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Dividend Fund S-189LL

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 11,575	\$ 4,440
Investment income due and accrued	794	687
Due from The Canada Life Assurance Company (note 7)	71	247
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	—	—
Stocks	297,726	229,880
Investment fund units	—	—
Total investments	297,726	229,880
Total assets	\$ 310,166	\$ 235,254
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 310,166	\$ 235,254

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (3,224)	\$ 44,182
Miscellaneous income (loss)	105	49
Total income (loss)	(3,119)	44,231
Expenses		
Management fees (note 7)	4,514	2,732
Transaction costs	194	74
Withholding taxes	30	27
Other	496	301
Total expenses	5,234	3,134
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (8,353)	\$ 41,097

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 235,254	\$ 138,713
Contractholder deposits	115,442	75,584
Contractholder withdrawals	(32,177)	(20,140)
Increase (decrease) in net assets from operations attributable to contractholders	(8,353)	41,097
Change in net assets attributable to contractholders	74,912	96,541
Net assets attributable to contractholders - end of year	\$ 310,166	\$ 235,254

Dividend Fund S-189LL

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (8,353)	\$ 41,097
Adjustments		
Realized (gains) losses	(14,882)	(8,636)
Unrealized (gains) losses	27,762	(29,432)
Gross proceeds of disposition of investments	116,493	47,304
Gross payments for the purchase of investments	(197,219)	(104,578)
Change in investment income due and accrued	(107)	(307)
Change in due from/to The Canada Life Assurance Company	176	(40)
Change in due from/to brokers	—	—
Change in due from/to outside parties	—	—
	<u>(76,130)</u>	<u>(54,592)</u>
Financing Activities		
Contractholder deposits	115,442	75,584
Contractholder withdrawals	(32,177)	(20,140)
	<u>83,265</u>	<u>55,444</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	7,135	852
Cash, short-term deposits and overdrafts, beginning of year	4,440	3,588
Cash, short-term deposits and overdrafts, end of year	\$ 11,575	\$ 4,440
Supplementary cash flow information		
Dividend income received	\$ 9,369	\$ 5,803

Dividend Fund S-189LL

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock			
Communication Services			
BCE Inc.	87,694	5,237	5,217
Quebecor Media Inc. Class B sub. voting	78,391	2,289	2,367
Rogers Communications Inc. Class B non-voting	112,416	6,841	7,124
Shaw Communications Inc. Class B non-voting	80,155	2,748	3,127
TELUS Corp.	310,686	8,427	8,118
Consumer Discretionary			
Canadian Tire Corp. Ltd. Class A non-voting	12,390	2,046	1,753
Dollarama Inc.	20,954	1,581	1,659
Magna International Inc.	38,354	3,169	2,917
Pet Valu Holdings Ltd.	55,275	1,685	2,163
Restaurant Brands International Inc.	77,436	5,850	6,781
Consumer Staples			
Alimentation Couche-Tard Inc.	74,041	3,598	4,405
Empire Co. Ltd. Class A non-voting	57,472	2,233	2,049
Loblaw Companies Ltd.	34,401	3,120	4,118
Energy			
AltaGas Ltd.	140,636	3,751	3,288
ARC Resources Ltd.	164,890	3,022	3,009
Canadian Natural Resources Ltd.	115,245	5,896	8,665
Cenovus Energy Inc.	80,464	1,748	2,114
Enbridge Inc.	236,978	11,608	12,542
Hydro One Ltd.	137,152	4,651	4,975
Parkland Corp. of Canada	24,162	891	718
Pembina Pipeline Corp.	111,146	4,606	5,108
Suncor Energy Inc.	124,911	4,778	5,365
TC Energy Corp.	116,649	7,271	6,297
Tourmaline Oil Corp.	36,457	1,589	2,491
Exchange Traded Funds			
iShares S&P/TSX Global Base Metals Index ETF	72,910	1,419	1,369
Financials			
Bank of Montreal	73,439	8,575	9,008
Brookfield Asset Management Inc. Class A	35,252	1,386	1,367

Dividend Fund S-189LL

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Common Stock (continued)			
Financials (continued)			
Brookfield Corp.	154,717	6,894	6,588
Canadian Imperial Bank of Commerce	71,988	4,447	3,943
Definity Financial Corp.	47,145	1,224	1,814
iA Financial Corp. Inc.	39,440	2,537	3,126
Intact Financial Corp.	35,508	5,545	6,921
Manulife Financial Corp.	266,595	6,126	6,438
National Bank of Canada	36,086	3,167	3,292
Royal Bank of Canada	143,183	15,430	18,228
Sun Life Financial Inc.	99,082	5,621	6,227
The Bank of Nova Scotia	155,196	11,161	10,296
The Toronto-Dominion Bank	201,820	15,397	17,695
Thomson Reuters Corp.	15,204	1,868	2,348
TMX Group Ltd.	22,670	2,892	3,072
Health Care			
Jamieson Wellness Inc.	28,593	791	1,003
Industrials			
Canadian National Railway Co.	64,848	8,662	10,430
Canadian Pacific Railway Ltd.	69,785	6,066	7,045
Exchange Income Corp.	44,685	1,932	2,352
TFI International Inc.	4,806	539	652
Toromont Industries Ltd.	16,934	1,508	1,655
Waste Connections Inc.	17,847	2,558	3,203
WSP Global Inc.	18,536	2,209	2,912
Information Technology			
Constellation Software Inc.	914	1,961	1,932
Open Text Corp.	32,753	1,749	1,314
Materials			
Agnico Eagle Mines Ltd.	39,847	2,667	2,804
CCL Industries Inc. Class B non-voting	22,240	1,449	1,286
Franco-Nevada Corp.	21,149	3,523	3,903
Nutrien Ltd.	30,255	2,300	2,991
Stella-Jones Inc.	18,357	775	891

Dividend Fund S-189LL

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Common Stock (continued)			
Real Estate			
Canadian Apartment Properties REIT	91,198	4,495	3,892
Chartwell Retirement Residences REIT	145,395	1,784	1,227
First Capital REIT	167,765	2,851	2,820
Granite REIT Holdings LP	47,697	3,794	3,295
RioCan REIT	81,688	1,642	1,726
Utilities			
Capital Power Corp.	23,980	955	1,111
Emera Inc.	89,483	5,207	4,631
Northland Power Inc.	111,448	4,131	4,138
Total Canadian Common Stock		255,872	275,315
United States Common Stock			
Consumer Discretionary			
The TJX Companies Inc.	12,383	1,028	1,334
Consumer Staples			
Constellation Brands Inc. Class A	5,777	1,837	1,812
Health Care			
Johnson & Johnson Inc.	18,739	4,105	4,481
UnitedHealth Group Inc.	1,505	1,003	1,080
Information Technology			
Microsoft Corp.	12,266	3,446	3,982
Oracle Corp.	11,250	1,153	1,245
Visa Inc. Class A	6,009	1,628	1,690
Real Estate			
Crown Castle Inc.	5,025	1,063	923
Total United States Common Stock		15,263	16,547

Dividend Fund S-189LL

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock			
Bermuda			
Brookfield Infrastructure Partners LP Partnership Units	139,820	6,165	5,864
Total Global Common Stock		6,165	5,864
Total Stocks		277,300	297,726
Transaction Costs (note 2)		(151)	
Total Investments		277,149	297,726

Dividend Fund S-189LL

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Dividend Fund S-189LL (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

Dividend Fund S-189LL

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2022 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2022

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders	
United States Dollar	\$ 16,547	\$ 214	\$ 16,761	\$ 168	
Total	\$ 16,547	\$ 214	\$ 16,761	\$ 168	
As Percent of Net Assets Attributable to Contractholders				5.4%	0.1%

*Includes both monetary and non-monetary instruments

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders	
United States Dollar	\$ 15,187	\$ 1,677	\$ 16,864	\$ 169	
Total	\$ 15,187	\$ 1,677	\$ 16,864	\$ 169	
As Percent of Net Assets Attributable to Contractholders				7.2%	0.1%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2022, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$2,977 (\$2,299 at December 31, 2021) or approximately 1.0% (1.0% at December 31, 2021) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

Dividend Fund S-189LL

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

<u>Assets measured at fair value</u>	2022			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 297,726	\$ —	\$ —	\$ 297,726
Total assets measured at fair value	\$ 297,726	\$ —	\$ —	\$ 297,726

<u>Assets measured at fair value</u>	2021			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 229,880	\$ —	\$ —	\$ 229,880
Total assets measured at fair value	\$ 229,880	\$ —	\$ —	\$ 229,880

There were no significant transfers between Level 1 and Level 2 during 2022 or 2021.

Dividend Fund S-189LL

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Generations/Mosaic	253,702	275,623	297,034	367,771	471,436	7,473	8,419	7,282	9,184	10,121
Generations I	62,068	93,731	108,907	123,593	136,755	1,216	1,898	1,766	2,035	1,931
Generations II	79,813	120,317	122,724	150,030	224,880	1,310	2,050	1,680	2,094	2,701
Generations Core	45,966	56,699	62,317	75,553	98,434	808	1,029	904	1,113	1,241
75/75 guarantee policy	1,251,362	858,721	562,739	306,350	221,173	26,241	18,600	9,746	5,383	3,328
75/100 guarantee policy	3,875,820	2,744,633	1,733,307	784,381	451,261	79,959	58,552	29,598	13,605	6,711
100/100 guarantee policy	159,572	85,725	65,650	67,195	64,536	3,159	1,761	1,084	1,131	934
PS1 75/75 guarantee policy	1,264,735	786,244	395,580	181,564	112,167	24,433	15,617	6,253	2,899	1,527
PS1 75/100 guarantee policy	3,680,334	2,021,206	1,291,394	375,146	144,262	69,478	39,319	20,038	5,892	1,936
PS1 100/100 guarantee policy	90,649	59,064	44,412	19,712	23,463	1,652	1,113	669	302	308
PS2 75/75 guarantee policy	227,919	285,888	214,245	39,804	177	5,536	6,987	4,078	749	3
PS2 75/100 guarantee policy	484,442	267,250	147,831	98,530	71,177	11,774	6,536	2,816	1,855	1,118
PS2 100/100 guarantee policy	12,101	12,406	12,724	13,069	—	294	303	242	246	—
PS 75/75 guarantee policy	168,508	92,346	37,658	834	—	2,230	1,249	403	9	—
PS 75/100 guarantee policy	256,516	140,468	89,534	34,066	—	3,378	1,892	955	365	—
PPS 75/75 guarantee policy	284,546	183,731	70,053	63,704	—	3,844	2,524	757	688	—
PPS 75/100 guarantee policy	428,241	181,361	127,024	31,180	—	5,729	2,472	1,366	336	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
Generations/Mosaic	29.46	30.54	24.52	24.97	21.47	(1.08)	6.02
Generations I	19.59	20.25	16.21	16.47	14.12	(0.66)	4.04
Generations II	16.42	17.04	13.69	13.96	12.01	(0.62)	3.35
Generations Core	17.57	18.15	14.51	14.73	12.61	(0.58)	3.64
75/75 guarantee policy	20.97	21.66	17.32	17.57	15.05	(0.69)	4.34
75/100 guarantee policy	20.63	21.33	17.08	17.34	14.87	(0.70)	4.25
100/100 guarantee policy	19.79	20.54	16.50	16.83	14.48	(0.75)	4.04
PS1 75/75 guarantee policy	19.32	19.86	15.81	15.97	13.61	(0.54)	4.05
PS1 75/100 guarantee policy	18.88	19.45	15.52	15.71	13.42	(0.57)	3.93
PS1 100/100 guarantee policy	18.22	18.84	15.07	15.31	13.12	(0.62)	3.77
PS2 75/75 guarantee policy	24.29	24.44	19.03	18.81	15.70	(0.15)	5.41
PS2 75/100 guarantee policy	24.30	24.45	19.05	18.83	15.71	(0.15)	5.40
PS2 100/100 guarantee policy	24.26	24.41	19.01	18.79	—	(0.15)	5.40
PS 75/75 guarantee policy	13.24	13.52	10.69	10.73	—	(0.28)	2.83
PS 75/100 guarantee policy	13.17	13.47	10.66	10.71	—	(0.30)	2.81
PPS 75/75 guarantee policy	13.51	13.74	10.81	10.80	—	(0.23)	2.93
PPS 75/100 guarantee policy	13.38	13.63	10.75	10.77	—	(0.25)	2.88

Dividend Fund S-189LL

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Dividend Fund S-189LL

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Dividend Fund S-189LL

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Dividend Fund S-189LL

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) **Stocks**

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

d) **Cash, Short-term Deposits and Overdrafts**

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Dividend Fund S-189LL

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Dividend Fund S-189LL

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Dividend Fund S-189LL

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Dividend Fund S-189LL

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

Portfolio units are those units owned by the Asset Allocation Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Dividend Fund S-189LL

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Dividend Fund S-189LL

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
Generations/Mosaic	3.01	3.01	3.00	3.00	3.01
Generations I	2.74	2.74	2.72	2.72	2.79
Generations II	3.11	3.10	3.09	3.09	3.15
Generations Core	2.62	2.62	2.61	2.61	2.68
75/75 guarantee policy	2.61	2.62	2.60	2.61	2.68
75/100 guarantee policy	2.72	2.73	2.71	2.72	2.79
100/100 guarantee policy	3.10	3.09	3.08	3.08	3.15
PS1 75/75 guarantee policy	2.15	2.15	2.14	2.15	2.16
PS1 75/100 guarantee policy	2.37	2.38	2.36	2.37	2.38
PS1 100/100 guarantee policy	2.70	2.71	2.69	2.70	2.72
PS 75/75 guarantee policy	1.50	1.51	1.50	1.52	—
PS 75/100 guarantee policy	1.61	1.62	1.61	1.61	—
PPS 75/75 guarantee policy	1.05	1.05	1.05	1.04	—
PPS 75/100 guarantee policy	1.26	1.27	1.26	1.27	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	43.24	26.04	24.32	21.24	21.73

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
HARBOUR GROWTH & INCOME FUND (CI) SF190

December 31, 2022

Independent Auditor's Report

To the Contractholders of Harbour Growth & Income Fund (CI) SF190 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Harbour Growth & Income Fund (CI) SF190

(in Canadian \$ thousands)

Fund Manager: Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	510	104
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	81,851	101,962
Total investments	81,851	101,962
Total assets	\$ 82,361	\$ 102,066
Liabilities		
Overdrafts	\$ 535	\$ 135
Due to The Canada Life Assurance Company (note 8)	13	10
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	548	145
Net assets attributable to contractholders	\$ 81,813	\$ 101,921

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (11,109)	\$ 12,746
Miscellaneous income (loss)	—	—
Total income (loss)	(11,109)	12,746
Expenses		
Management fees (note 8)	2,334	3,121
Other	252	338
Total expenses	2,586	3,459
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (13,695)	\$ 9,287

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 101,921	\$ 117,910
Contractholder deposits	4,939	2,496
Contractholder withdrawals	(11,352)	(27,772)
Increase (decrease) in net assets from operations attributable to contractholders	(13,695)	9,287
Change in net assets attributable to contractholders	(20,108)	(15,989)
Net assets attributable to contractholders - end of year	\$ 81,813	\$ 101,921

Harbour Growth & Income Fund (CI) SF190

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (13,695)	\$ 9,287
Adjustments		
Realized (gains) losses	1,509	(14,910)
Unrealized (gains) losses	11,263	4,019
Gross proceeds of disposition of investments	12,640	132,909
Gross payments for the purchase of investments	(3,638)	(104,022)
Distribution income of underlying mutual fund	(1,663)	(1,855)
Change in due from/to The Canada Life Assurance Company	3	(44)
Change in due from/to brokers	(406)	7
	<u>6,013</u>	<u>25,391</u>
Financing Activities		
Contractholder deposits	4,939	2,496
Contractholder withdrawals	(11,352)	(27,772)
	<u>(6,413)</u>	<u>(25,276)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(400)	115
Cash, short-term deposits and overdrafts, beginning of year	(135)	(250)
Cash, short-term deposits and overdrafts, end of year	\$ (535)	\$ (135)

Harbour Growth & Income Fund (CI) SF190

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Canada Life Sustainable Growth Portfolio Fund Series S *	9,022,747	92,649	81,851
Total Investments		92,649	81,851

Top Holdings

Underlying fund: Canada Life ESG U.S. Equity Fund

Security Description	% of Total
Apple Inc.	6.06%
Microsoft Corp.	5.96%
Amazon.com Inc.	2.44%
UnitedHealth Group Inc.	1.94%
Berkshire Hathaway Inc. Class B	1.88%

Underlying fund: Canada Life International Equity Fund

Security Description	% of Total
Nestle SA	3.99%
Shell PLC	3.32%
TotalEnergies SE	3.23%
Roche Holding AG Genusscheine	3.10%
AstraZeneca PLC	2.83%

Underlying fund: Canada Life Sustainable Emerging Markets Equity Fund

Security Description	% of Total
iShares MSCI India ETF	8.60%
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	7.68%
HDFC Bank Ltd. ADR	6.09%
Tencent Holdings Ltd.	4.98%
Infosys Ltd. ADR	3.36%

*The issuer of this security is a related company to the issuer of the Fund.

Harbour Growth & Income Fund (CI) SF190

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Top Holdings (continued)			

Underlying fund: Canada Life Sustainable Global Bond Fund

Security Description	% of Total
United States Treasury 4.13% 11-15-2032	9.10%
European Union 2.00% 10-04-2027	4.91%
United States Treasury 3.88% 11-30-2027	3.81%
European Union 1.00% 07-06-2032	3.46%
United States Treasury 1.38% 11-15-2031	3.42%

Harbour Growth & Income Fund (CI) SF190

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Generations/Mosaic	1,612,858	1,834,122	2,350,851	2,701,941	3,172,775	38,764	51,075	60,388	68,359	72,288
Generations I	765,769	954,461	1,168,057	1,364,579	1,708,957	10,144	14,617	16,456	18,882	21,237
Generations II	95,816	117,445	144,042	165,548	185,945	1,128	1,603	1,812	2,049	2,070
Generations Core	168,836	186,099	208,317	227,524	283,384	2,078	2,641	2,712	2,902	3,236
75/75 guarantee policy	272,402	214,407	216,689	256,613	287,063	3,648	3,311	3,070	3,561	3,567
75/100 guarantee policy	1,147,219	1,139,864	1,427,412	1,792,867	1,815,321	15,103	17,349	19,986	24,656	22,420
100/100 guarantee policy	145,618	157,737	191,192	244,133	279,053	1,873	2,353	2,629	3,302	3,396
PS1 75/75 guarantee policy	134,564	87,309	96,220	106,977	103,162	1,889	1,410	1,418	1,536	1,319
PS1 75/100 guarantee policy	369,363	366,305	536,873	569,149	672,166	5,107	5,835	7,817	8,084	8,516
PS1 100/100 guarantee policy	25,269	25,869	16,544	8,995	9,738	340	402	236	125	121
PS2 75/75 guarantee policy	13,647	10,703	16,512	27,812	26,054	247	217	299	479	391
PS2 75/100 guarantee policy	44,774	46,679	49,990	53,709	65,391	809	947	905	926	982
PS2 100/100 guarantee policy	2,660	4,413	6,392	8,123	8,285	48	89	116	140	124
PS 75/75 guarantee policy	145	—	—	—	—	2	—	—	—	—
PS 75/100 guarantee policy	16,371	5,934	5,968	6,002	5,977	173	72	66	64	57
PPS 75/75 guarantee policy	9,389	—	—	—	—	103	—	—	—	—
PPS 75/100 guarantee policy	30,779	—	—	—	—	335	—	—	—	—
PPS 100/100 guarantee policy	2,072	—	—	—	—	22	—	—	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
Generations/Mosaic	24.03	27.85	25.69	25.30	22.78	(3.82)	2.16
Generations I	13.25	15.31	14.09	13.84	12.43	(2.06)	1.22
Generations II	11.77	13.65	12.58	12.38	11.13	(1.88)	1.07
Generations Core	12.31	14.19	13.02	12.75	11.42	(1.88)	1.17
75/75 guarantee policy	13.39	15.44	14.17	13.88	12.43	(2.05)	1.27
75/100 guarantee policy	13.17	15.22	14.00	13.75	12.35	(2.05)	1.22
100/100 guarantee policy	12.86	14.92	13.75	13.53	12.17	(2.06)	1.17
PS1 75/75 guarantee policy	14.04	16.15	14.74	14.36	12.78	(2.11)	1.41
PS1 75/100 guarantee policy	13.83	15.93	14.56	14.20	12.67	(2.10)	1.37
PS1 100/100 guarantee policy	13.47	15.56	14.26	13.94	12.46	(2.09)	1.30
PS2 75/75 guarantee policy	18.07	20.28	18.10	17.24	15.01	(2.21)	2.18
PS2 75/100 guarantee policy	18.07	20.28	18.10	17.24	15.01	(2.21)	2.18
PS2 100/100 guarantee policy	18.06	20.27	18.08	17.23	15.00	(2.21)	2.19
PS 75/75 guarantee policy	10.71	—	—	—	—	(1.50)	—
PS 75/100 guarantee policy	10.59	12.10	11.01	10.70	9.50	(1.51)	1.09
PPS 75/75 guarantee policy	10.94	—	—	—	—	(1.51)	—
PPS 75/100 guarantee policy	10.87	—	—	—	—	(1.51)	—
PPS 100/100 guarantee policy	10.75	—	—	—	—	(1.53)	—

Harbour Growth & Income Fund (CI) SF190

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Harbour Growth & Income Fund (CI) SF190 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Harbour Growth & Income Fund (CI) SF190

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Harbour Growth & Income Fund (CI) SF190

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Harbour Growth & Income Fund (CI) SF190

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

Harbour Growth & Income Fund (CI) SF190

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

Harbour Growth & Income Fund (CI) SF190

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Harbour Growth & Income Fund (CI) SF190

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

Harbour Growth & Income Fund (CI) SF190

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Harbour Growth & Income Fund (CI) SF190

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Harbour Growth & Income Fund (CI) SF190

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Harbour Growth & Income Fund (CI) SF190

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
Generations/Mosaic	3.21	3.33	3.34	3.35	3.36
Generations I	2.99	3.05	3.06	3.07	3.08
Generations II	3.33	3.24	3.23	3.24	3.25
Generations Core	2.71	2.78	2.78	2.79	2.89
75/75 guarantee policy	2.70	2.77	2.79	2.79	2.89
75/100 guarantee policy	2.99	3.06	3.06	3.07	3.08
100/100 guarantee policy	3.32	3.24	3.23	3.24	3.25
PS1 75/75 guarantee policy	2.52	2.25	2.21	2.22	2.23
PS1 75/100 guarantee policy	2.64	2.41	2.38	2.39	2.39
PS1 100/100 guarantee policy	2.91	2.62	2.59	2.61	2.62
PS 75/75 guarantee policy	1.60	—	—	—	—
PS 75/100 guarantee policy	1.86	1.94	1.95	1.96	1.95
PPS 75/75 guarantee policy	1.40	—	—	—	—
PPS 75/100 guarantee policy	1.53	—	—	—	—
PPS 100/100 guarantee policy	1.81	—	—	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	4.16	93.84	0.86	1.74	1.60

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
CANADIAN ASSET ALLOCATION FUND (FIDELITY) SF191

December 31, 2022

Independent Auditor's Report

To the Contractholders of Canadian Asset Allocation Fund (Fidelity) SF191 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Canadian Asset Allocation Fund (Fidelity) SF191

(in Canadian \$ thousands)

Fund Manager: Fidelity Investments Canada ULC

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	81	25
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	77,352	93,889
Total investments	77,352	93,889
Total assets	\$ 77,433	\$ 93,914
Liabilities		
Overdrafts	\$ 93	\$ 39
Due to The Canada Life Assurance Company (note 8)	20	13
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	113	52
Net assets attributable to contractholders	\$ 77,320	\$ 93,862

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (3,966)	\$ 6,455
Miscellaneous income (loss)	—	—
Total income (loss)	(3,966)	6,455
Expenses		
Management fees (note 8)	2,293	2,815
Other	257	314
Total expenses	2,550	3,129
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (6,516)	\$ 3,326

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 93,862	\$ 104,028
Contractholder deposits	299	2,514
Contractholder withdrawals	(10,325)	(16,006)
Increase (decrease) in net assets from operations attributable to contractholders	(6,516)	3,326
Change in net assets attributable to contractholders	(16,542)	(10,166)
Net assets attributable to contractholders - end of year	\$ 77,320	\$ 93,862

Canadian Asset Allocation Fund (Fidelity) SF191

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (6,516)	\$ 3,326
Adjustments		
Realized (gains) losses	(598)	(2,217)
Unrealized (gains) losses	6,916	(484)
Gross proceeds of disposition of investments	12,888	18,292
Gross payments for the purchase of investments	(317)	(1,718)
Distribution income of underlying mutual fund	(2,352)	(3,754)
Change in due from/to The Canada Life Assurance Company	7	(5)
Change in due from/to brokers	(56)	110
	<u>9,972</u>	<u>13,550</u>
Financing Activities		
Contractholder deposits	299	2,514
Contractholder withdrawals	(10,325)	(16,006)
	<u>(10,026)</u>	<u>(13,492)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(54)	58
Cash, short-term deposits and overdrafts, beginning of year	(39)	(97)
Cash, short-term deposits and overdrafts, end of year	\$ (93)	\$ (39)

Canadian Asset Allocation Fund (Fidelity) SF191

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Fidelity North Star Balanced Fund	5,919,757	74,127	77,352
Total Investments		74,127	77,352

Top 25 Holdings

Security Description	% of Total
United States Treasury 4.125% 11-15-2032	3.67%
United States Treasury 2.875% 05-15-2052	3.16%
United States Treasury 2.75% 08-15-2032	1.63%
United States Treasury 2.375% 05-15-2051	1.60%
United States Treasury 2.25% 02-15-2052	1.30%
United States Treasury 1.125% 02-15-2031	1.25%
Oil and Natural Gas Corp. Ltd.	1.12%
Elevance Health Inc.	1.11%
Microsoft Corp.	0.95%
DB Insurance Co. Ltd.	0.84%
DCP Midstream Operating 5.85% 05-21-2043 144A	0.84%
ITOCHU Corp.	0.73%
Simplo Technology Co. Ltd.	0.70%
Universal Health Services Inc. Class B	0.66%
Jumbo SA	0.58%
Alphabet Inc. Class C	0.53%
Redington India Ltd.	0.53%
Fukuda Denshi Co. Ltd.	0.50%
TotalEnergies SE ADR	0.50%
British American Tobacco PLC	0.50%
Altria Group Inc.	0.49%
Johnson & Johnson Inc.	0.48%
ASR Nederland NV	0.47%
T-Mobile US Inc.	0.47%
Prime Healthcare Services 7.00% 12-01-2027	0.46%

Canadian Asset Allocation Fund (Fidelity) SF191

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Generations/Mosaic	1,660,547	1,882,997	2,173,810	2,501,945	2,974,720	44,193	53,856	60,197	62,526	71,089
Generations I	543,026	601,714	690,990	792,655	944,745	8,890	10,583	11,763	12,174	13,870
Generations II	129,242	161,600	188,914	216,134	257,654	1,765	2,379	2,700	2,795	3,195
Generations Core	193,478	212,555	227,292	240,384	291,820	2,792	3,288	3,395	3,233	3,743
75/75 guarantee policy	164,618	174,786	195,604	219,457	260,740	2,461	2,801	3,028	3,058	3,465
75/100 guarantee policy	603,397	717,422	840,143	1,001,169	1,180,495	8,925	11,402	12,923	13,894	15,662
100/100 guarantee policy	152,904	180,028	215,903	253,919	276,358	2,175	2,759	3,213	3,419	3,569
PS1 75/75 guarantee policy	32,191	34,964	35,685	33,468	33,938	494	573	562	473	455
PS1 75/100 guarantee policy	306,576	315,728	334,069	373,060	437,645	4,632	5,100	5,198	5,211	5,816
PS1 100/100 guarantee policy	42,727	44,683	40,163	58,386	59,585	629	705	612	800	779
PS2 75/75 guarantee policy	2,782	2,978	3,353	9,040	9,220	56	62	65	155	146
PS2 75/100 guarantee policy	12,450	13,338	14,142	21,477	18,681	250	278	277	367	296
PS2 100/100 guarantee policy	137	140	143	668	6,804	3	3	3	11	108
PS 75/100 guarantee policy	4,827	5,986	7,894	9,847	466	55	73	92	103	4

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
Generations/Mosaic	26.61	28.60	27.69	24.99	23.90	(1.99)	0.91
Generations I	16.37	17.59	17.02	15.36	14.68	(1.22)	0.57
Generations II	13.66	14.72	14.29	12.93	12.40	(1.06)	0.43
Generations Core	14.43	15.47	14.94	13.45	12.83	(1.04)	0.53
75/75 guarantee policy	14.95	16.03	15.48	13.93	13.29	(1.08)	0.55
75/100 guarantee policy	14.79	15.89	15.38	13.88	13.27	(1.10)	0.51
100/100 guarantee policy	14.22	15.33	14.88	13.47	12.91	(1.11)	0.45
PS1 75/75 guarantee policy	15.35	16.38	15.75	14.12	13.41	(1.03)	0.63
PS1 75/100 guarantee policy	15.11	16.15	15.56	13.97	13.29	(1.04)	0.59
PS1 100/100 guarantee policy	14.73	15.78	15.23	13.71	13.07	(1.05)	0.55
PS2 75/75 guarantee policy	20.03	20.86	19.56	17.10	15.84	(0.83)	1.30
PS2 75/100 guarantee policy	20.05	20.87	19.57	17.11	15.85	(0.82)	1.30
PS2 100/100 guarantee policy	20.03	20.85	19.55	17.09	15.83	(0.82)	1.30
PS 75/100 guarantee policy	11.47	12.19	11.67	10.41	9.84	(0.72)	0.52

Canadian Asset Allocation Fund (Fidelity) SF191

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Canadian Asset Allocation Fund (Fidelity) SF191 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Canadian Asset Allocation Fund (Fidelity) SF191

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Canadian Asset Allocation Fund (Fidelity) SF191

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Canadian Asset Allocation Fund (Fidelity) SF191

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

Canadian Asset Allocation Fund (Fidelity) SF191

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

Canadian Asset Allocation Fund (Fidelity) SF191

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Canadian Asset Allocation Fund (Fidelity) SF191

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

Canadian Asset Allocation Fund (Fidelity) SF191

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Canadian Asset Allocation Fund (Fidelity) SF191

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.

Canadian Asset Allocation Fund (Fidelity) SF191

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Canadian Asset Allocation Fund (Fidelity) SF191

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
Generations/Mosaic	3.18	3.19	3.21	3.19	3.20
Generations I	3.15	3.15	3.17	3.16	3.17
Generations II	3.46	3.47	3.48	3.47	3.48
Generations Core	2.93	2.93	2.95	2.94	3.03
75/75 guarantee policy	2.93	2.94	2.95	2.94	3.04
75/100 guarantee policy	3.16	3.16	3.18	3.16	3.17
100/100 guarantee policy	3.46	3.47	3.48	3.47	3.48
PS1 75/75 guarantee policy	2.50	2.50	2.52	2.50	2.51
PS1 75/100 guarantee policy	2.66	2.67	2.69	2.67	2.68
PS1 100/100 guarantee policy	2.89	2.89	2.91	2.89	2.91
PS 75/100 guarantee policy	2.05	2.05	2.07	2.04	2.04

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	0.38	1.72	0.40	0.35	0.67

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
BALANCED FUND (GREYSTONE) SF208

December 31, 2022

Independent Auditor's Report

To the Contractholders of Balanced Fund (Greystone) SF208 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Balanced Fund (Greystone) SF208

(in Canadian \$ thousands)

Fund Manager: TD Asset Management Inc.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ 230
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	67	112
Due from brokers	22	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	277,184	285,840
Total investments	277,184	285,840
Total assets	\$ 277,273	\$ 286,182
Liabilities		
Overdrafts	\$ 3,751	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	80
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	3,751	80
Net assets attributable to contractholders	\$ 273,522	\$ 286,102

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (26,355)	\$ 28,307
Miscellaneous income (loss)	—	—
Total income (loss)	(26,355)	28,307
Expenses		
Management fees (note 8)	6,678	5,427
Other	644	513
Total expenses	7,322	5,940
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (33,677)	\$ 22,367

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 286,102	\$ 174,143
Contractholder deposits	45,019	104,805
Contractholder withdrawals	(23,922)	(15,213)
Increase (decrease) in net assets from operations attributable to contractholders	(33,677)	22,367
Change in net assets attributable to contractholders	(12,580)	111,959
Net assets attributable to contractholders - end of year	\$ 273,522	\$ 286,102

Balanced Fund (Greystone) SF208

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (33,677)	\$ 22,367
Adjustments		
Realized (gains) losses	964	(699)
Unrealized (gains) losses	41,368	(8,095)
Gross proceeds of disposition of investments	20,484	11,480
Gross payments for the purchase of investments	(38,183)	(95,334)
Distribution income of underlying mutual fund	(15,977)	(19,513)
Change in due from/to The Canada Life Assurance Company	45	(126)
Change in due from/to brokers	(102)	(96)
	<u>(25,078)</u>	<u>(90,016)</u>
Financing Activities		
Contractholder deposits	45,019	104,805
Contractholder withdrawals	(23,922)	(15,213)
	<u>21,097</u>	<u>89,592</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(3,981)	(424)
Cash, short-term deposits and overdrafts, beginning of year	230	654
Cash, short-term deposits and overdrafts, end of year	\$ (3,751)	\$ 230

Balanced Fund (Greystone) SF208

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
TD Greystone Balanced Fund	8,505,207	288,787	277,184
Total Investments		288,787	277,184

Top Holdings

Underlying fund: Greystone Canadian Equity Fund

Security Description	% of Total
Royal Bank of Canada	8.71%
The Toronto-Dominion Bank	8.23%
Bank of Montreal	6.48%
Canadian Pacific Railway Ltd.	5.90%
Canadian Natural Resources Ltd.	5.77%

Underlying fund: Greystone International Equity Fund

Security Description	% of Total
TotalEnergies SE	3.75%
ITOCHU Corp.	3.65%
Sanofi SA	3.37%
Equinor ASA	3.33%
Vinci SA	2.95%

Balanced Fund (Greystone) SF208

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Prestige/Prestige Plus	1,385	7,537	7,298	6,655	7,462	30	183	162	137	135
75/75 guarantee policy	1,416,479	1,438,846	1,122,815	855,264	477,030	25,412	29,084	20,592	14,379	7,021
75/100 guarantee policy	9,268,554	8,488,541	5,926,628	3,521,365	2,829,599	163,641	169,359	107,601	58,782	41,471
100/100 guarantee policy	192,882	211,450	157,150	134,916	95,471	3,336	4,139	2,804	2,216	1,379
PS1 75/75 guarantee policy	680,033	601,202	417,697	207,824	120,385	12,333	12,242	7,690	3,495	1,766
PS1 75/100 guarantee policy	2,234,204	1,966,720	1,109,646	609,074	586,882	39,883	39,485	20,175	10,132	8,531
PS1 100/100 guarantee policy	228,520	221,472	143,890	95,709	99,686	3,980	4,348	2,564	1,563	1,426
PS2 75/75 guarantee policy	43,283	59,960	39,237	29,239	5,624	1,001	1,522	880	585	96
PS2 75/100 guarantee policy	327,070	340,995	206,121	95,221	87,356	7,565	8,653	4,620	1,906	1,491
PS2 100/100 guarantee policy	20,983	14,973	—	—	—	485	379	—	—	—
PS 75/75 guarantee policy	90,287	96,677	36,073	3,179	—	1,081	1,290	432	34	—
PS 75/100 guarantee policy	969,113	921,304	442,809	216,610	32,214	11,449	12,166	5,263	2,342	302
PS 100/100 guarantee policy	16,374	16,540	8,850	—	—	192	217	105	—	—
PPS 75/75 guarantee policy	50,384	51,611	43,719	11,696	—	613	697	528	128	—
PPS 75/100 guarantee policy	158,408	140,411	54,578	12,287	—	1,912	1,885	656	134	—
PPS 100/100 guarantee policy	50,926	33,958	5,894	—	—	609	453	71	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
Prestige/Prestige Plus	21.46	24.35	22.25	20.54	18.10	(2.89)	2.10
75/75 guarantee policy	17.94	20.21	18.34	16.81	14.72	(2.27)	1.87
75/100 guarantee policy	17.66	19.95	18.16	16.69	14.66	(2.29)	1.79
100/100 guarantee policy	17.30	19.58	17.84	16.43	14.45	(2.28)	1.74
PS1 75/75 guarantee policy	18.14	20.36	18.41	16.82	14.67	(2.22)	1.95
PS1 75/100 guarantee policy	17.85	20.08	18.18	16.63	14.54	(2.23)	1.90
PS1 100/100 guarantee policy	17.42	19.63	17.82	16.34	14.31	(2.21)	1.81
PS2 75/75 guarantee policy	23.13	25.38	22.42	20.02	17.07	(2.25)	2.96
PS2 75/100 guarantee policy	23.13	25.37	22.41	20.01	17.07	(2.24)	2.96
PS2 100/100 guarantee policy	23.09	25.33	—	—	—	(2.24)	2.95
PS 75/75 guarantee policy	11.97	13.34	11.97	10.86	—	(1.37)	1.37
PS 75/100 guarantee policy	11.81	13.21	11.89	10.81	9.39	(1.40)	1.32
PS 100/100 guarantee policy	11.73	13.14	11.84	—	—	(1.41)	1.30
PPS 75/75 guarantee policy	12.16	13.51	12.08	10.91	—	(1.35)	1.43
PPS 75/100 guarantee policy	12.07	13.43	12.03	10.89	—	(1.36)	1.40
PPS 100/100 guarantee policy	11.95	13.33	11.96	—	—	(1.38)	1.37

Balanced Fund (Greystone) SF208

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Balanced Fund (Greystone) SF208 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Balanced Fund (Greystone) SF208

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Balanced Fund (Greystone) SF208

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Balanced Fund (Greystone) SF208

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

Balanced Fund (Greystone) SF208

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

Balanced Fund (Greystone) SF208

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Balanced Fund (Greystone) SF208

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

Balanced Fund (Greystone) SF208

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Balanced Fund (Greystone) SF208

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.

Balanced Fund (Greystone) SF208

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Balanced Fund (Greystone) SF208

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
Prestige/Prestige Plus	3.38	3.37	3.38	3.37	3.35
75/75 guarantee policy	2.67	2.67	2.67	2.67	2.72
75/100 guarantee policy	2.96	2.96	2.97	2.96	2.94
100/100 guarantee policy	3.12	3.11	3.12	3.12	3.09
PS1 75/75 guarantee policy	2.32	2.32	2.31	2.32	2.29
PS1 75/100 guarantee policy	2.48	2.48	2.47	2.49	2.46
PS1 100/100 guarantee policy	2.70	2.70	2.69	2.71	2.68
PS 75/75 guarantee policy	1.57	1.57	1.57	1.57	—
PS 75/100 guarantee policy	1.86	1.87	1.88	1.87	1.84
PS 100/100 guarantee policy	2.02	2.03	2.03	—	—
PPS 75/75 guarantee policy	1.22	1.23	1.21	1.22	—
PPS 75/100 guarantee policy	1.39	1.39	1.37	1.39	—
PPS 100/100 guarantee policy	1.60	1.60	1.61	—	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
PS1 75/75 guarantee policy	2.32	2.32	2.33	2.32	2.29
PS1 75/100 guarantee policy	2.48	2.48	2.49	2.49	2.46
PS1 100/100 guarantee policy	2.70	2.70	2.71	2.71	2.68
PPS 75/75 guarantee policy	1.22	1.23	1.23	1.22	—
PPS 75/100 guarantee policy	1.39	1.39	1.39	1.39	—
PPS 100/100 guarantee policy	1.60	1.60	1.63	—	—

Portfolio Turnover Rate (%) ⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	7.33	5.13	3.95	9.31	18.76

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
AMERICAN GROWTH FUND (AGF) SF247

December 31, 2022

Independent Auditor's Report

To the Contractholders of American Growth Fund (AGF) SF247 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

American Growth Fund (AGF) SF247

(in Canadian \$ thousands)

Fund Manager: AGF Investments Inc.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ 381
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	109	156
Due from brokers	—	157
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	484,322	457,628
Total investments	484,322	457,628
Total assets	\$ 484,431	\$ 458,322
Liabilities		
Overdrafts	\$ 1,442	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	45	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	1,487	—
Net assets attributable to contractholders	\$ 482,944	\$ 458,322

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (34,462)	\$ 83,101
Miscellaneous income (loss)	—	—
Total income (loss)	(34,462)	83,101
Expenses		
Management fees (note 8)	9,595	8,277
Other	1,000	839
Total expenses	10,595	9,116
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (45,057)	\$ 73,985

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year		
	\$ 458,322	\$ 302,382
Contractholder deposits	107,542	125,642
Contractholder withdrawals	(37,863)	(43,687)
Increase (decrease) in net assets from operations attributable to contractholders	(45,057)	73,985
Change in net assets attributable to contractholders	24,622	155,940
Net assets attributable to contractholders - end of year	\$ 482,944	\$ 458,322

American Growth Fund (AGF) SF247

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (45,057)	\$ 73,985
Adjustments		
Realized (gains) losses	(6,331)	(8,436)
Unrealized (gains) losses	40,793	(74,665)
Gross proceeds of disposition of investments	15,594	17,947
Gross payments for the purchase of investments	(76,750)	(90,367)
Distribution income of underlying mutual fund	—	—
Change in due from/to The Canada Life Assurance Company	47	168
Change in due from/to brokers	202	(454)
	<u>(71,502)</u>	<u>(81,822)</u>
Financing Activities		
Contractholder deposits	107,542	125,642
Contractholder withdrawals	(37,863)	(43,687)
	<u>69,679</u>	<u>81,955</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(1,823)	133
Cash, short-term deposits and overdrafts, beginning of year	381	248
Cash, short-term deposits and overdrafts, end of year	\$ (1,442)	\$ 381

American Growth Fund (AGF) SF247

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
AGF American Growth Fund Series O	2,966,914	299,952	484,322
Total Investments		299,952	484,322

Top 25 Holdings

Security Description	% of Total
Marathon Petroleum Corp.	6.37%
Cheniere Energy Inc.	4.79%
The AES Corp.	4.76%
T-Mobile US Inc.	4.51%
Amazon.com Inc.	4.39%
W.W. Grainger Inc.	4.25%
Cash and short-term deposits	4.17%
Raymond James Financial Inc.	4.09%
UnitedHealth Group Inc.	4.01%
Albemarle Corp.	3.96%
Enphase Energy Inc.	3.63%
Ameriprise Financial Inc.	3.32%
Corteva Inc.	2.87%
The Bank of New York Mellon Corp.	2.86%
General Dynamics Corp.	2.71%
Quanta Services Inc.	2.59%
Howmet Aerospace Inc.	2.54%
ON Semiconductor Corp.	2.52%
Parker Hannifin Corp.	2.21%
Booz Allen Hamilton Holding Corp.	2.20%
Qualcomm Inc.	2.11%
The Charles Schwab Corp.	2.05%
Schlumberger Ltd.	2.03%
Quest Diagnostics Inc.	2.02%
Hilton Worldwide Holdings Inc.	2.00%

American Growth Fund (AGF) SF247

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 4 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Generations/Mosaic	1,469,832	1,513,645	1,669,873	1,757,043	2,313,274	27,394	31,538	29,118	21,715	25,813
Generations I	229,150	257,545	234,828	267,390	391,884	9,783	12,250	9,316	7,493	9,881
Generations II	125,018	129,579	137,624	107,473	122,549	4,266	4,945	4,396	2,434	2,507
Generations Core	111,919	118,968	131,893	207,322	371,133	4,141	4,891	4,511	4,995	8,026
75/75 guarantee policy	1,087,827	884,229	618,182	642,131	914,020	57,378	51,826	30,139	22,057	28,177
75/100 guarantee policy	2,071,510	1,779,320	1,402,692	1,292,760	1,561,302	106,619	102,034	67,087	43,676	47,464
100/100 guarantee policy	348,913	366,168	337,013	356,968	434,152	17,089	20,057	15,454	11,606	12,748
PS1 75/75 guarantee policy	653,435	470,051	216,942	167,145	248,637	28,617	22,783	8,711	4,710	6,263
PS1 75/100 guarantee policy	2,447,733	1,787,311	1,322,326	823,479	934,379	104,007	84,282	51,803	22,700	23,087
PS1 100/100 guarantee policy	185,163	216,871	198,104	126,501	135,986	7,545	9,845	7,500	3,383	3,272
PS2 75/75 guarantee policy	50,363	50,734	40,245	47,387	46,499	2,898	3,149	2,017	1,624	1,388
PS2 75/100 guarantee policy	68,074	56,985	32,693	49,051	48,337	3,917	3,536	1,638	1,681	1,443
PS2 100/100 guarantee policy	26,416	11,735	8,389	11,396	13,582	1,520	728	420	390	405
PS 75/75 guarantee policy	34,101	22,663	6,089	3,080	5,455	535	390	86	30	48
PS 75/100 guarantee policy	90,687	58,482	24,978	5,816	367	1,405	998	352	57	3
PS 100/100 guarantee policy	31,997	18,831	2,248	193	—	488	317	31	2	—
PPS 75/75 guarantee policy	27,772	20,971	9,414	—	—	444	367	135	—	—
PPS 75/100 guarantee policy	84,191	38,168	14,734	18,465	—	1,327	661	210	183	—
PPS 100/100 guarantee policy	18,666	—	380	29,106	34,996	289	—	5	286	307

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
Generations/Mosaic	18.64	20.84	17.44	12.36	11.16	(2.20)	3.40
Generations I	42.69	47.56	39.67	28.02	25.21	(4.87)	7.89
Generations II	34.12	38.16	31.95	22.65	20.46	(4.04)	6.21
Generations Core	37.00	41.11	34.20	24.10	21.62	(4.11)	6.91
75/75 guarantee policy	52.75	58.61	48.75	34.35	30.83	(5.86)	9.86
75/100 guarantee policy	51.47	57.34	47.83	33.78	30.40	(5.87)	9.51
100/100 guarantee policy	48.98	54.78	45.86	32.51	29.36	(5.80)	8.92
PS1 75/75 guarantee policy	43.79	48.47	40.16	28.18	25.19	(4.68)	8.31
PS1 75/100 guarantee policy	42.49	47.16	39.18	27.57	24.71	(4.67)	7.98
PS1 100/100 guarantee policy	40.75	45.40	37.86	26.74	24.06	(4.65)	7.54
PS2 75/75 guarantee policy	57.55	62.07	50.11	34.27	29.86	(4.52)	11.96
PS2 75/100 guarantee policy	57.54	62.06	50.10	34.27	29.86	(4.52)	11.96
PS2 100/100 guarantee policy	57.53	62.04	50.09	34.26	29.85	(4.51)	11.95
PS 75/75 guarantee policy	15.68	17.23	14.17	9.88	8.77	(1.55)	3.06
PS 75/100 guarantee policy	15.49	17.07	14.08	9.84	8.76	(1.58)	2.99
PS 100/100 guarantee policy	15.24	16.85	13.95	9.79	—	(1.61)	2.90
PPS 75/75 guarantee policy	16.00	17.51	14.35	—	—	(1.51)	3.16
PPS 75/100 guarantee policy	15.77	17.31	14.22	9.90	—	(1.54)	3.09
PPS 100/100 guarantee policy	15.50	—	14.09	9.84	8.76	(1.58)	—

American Growth Fund (AGF) SF247

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The American Growth Fund (AGF) SF247 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

American Growth Fund (AGF) SF247

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

American Growth Fund (AGF) SF247

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

American Growth Fund (AGF) SF247

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

American Growth Fund (AGF) SF247

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

American Growth Fund (AGF) SF247

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

American Growth Fund (AGF) SF247

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

American Growth Fund (AGF) SF247

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Portfolio units are those units owned by the Asset Allocation Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

American Growth Fund (AGF) SF247

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.

American Growth Fund (AGF) SF247

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

American Growth Fund (AGF) SF247

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
Generations/Mosaic	3.60	3.59	3.57	3.57	3.59
Generations I	3.26	3.25	3.23	3.23	3.28
Generations II	3.63	3.63	3.60	3.60	3.65
Generations Core	3.00	2.99	2.97	2.97	3.06
75/75 guarantee policy	2.99	2.98	2.97	2.97	3.04
75/100 guarantee policy	3.25	3.25	3.23	3.23	3.27
100/100 guarantee policy	3.64	3.62	3.60	3.60	3.65
PS1 75/75 guarantee policy	2.58	2.57	2.56	2.57	2.58
PS1 75/100 guarantee policy	2.86	2.85	2.83	2.84	2.85
PS1 100/100 guarantee policy	3.26	3.24	3.22	3.22	3.24
PS 75/75 guarantee policy	1.88	1.87	1.87	1.87	1.88
PS 75/100 guarantee policy	2.15	2.14	2.13	2.13	2.14
PS 100/100 guarantee policy	2.52	2.53	2.51	2.52	—
PPS 75/75 guarantee policy	1.48	1.48	1.48	—	—
PPS 75/100 guarantee policy	1.75	1.75	1.75	1.73	—
PPS 100/100 guarantee policy	2.15	—	2.17	2.13	2.13

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	3.46	4.65	12.96	3.33	5.27

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
CANADIAN GROWTH & INCOME FUND (AGF) SF249

December 31, 2022

Independent Auditor's Report

To the Contractholders of Canadian Growth & Income Fund (AGF) SF249 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Canadian Growth & Income Fund (AGF) SF249

(in Canadian \$ thousands)

Fund Manager: Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 116	\$ 83
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	81	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	17,884	14,217
Total investments	17,884	14,217
Total assets	\$ 18,081	\$ 14,300
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	2
Due to brokers	—	67
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	69
Net assets attributable to contractholders	\$ 18,081	\$ 14,231

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (1,626)	\$ 871
Miscellaneous income (loss)	—	—
Total income (loss)	(1,626)	871
Expenses		
Management fees (note 8)	319	362
Other	32	36
Total expenses	351	398
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (1,977)	\$ 473

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year		
	\$ 14,231	\$ 14,532
Contractholder deposits	7,594	1,042
Contractholder withdrawals	(1,767)	(1,816)
Increase (decrease) in net assets from operations attributable to contractholders	(1,977)	473
Change in net assets attributable to contractholders	3,850	(301)
Net assets attributable to contractholders - end of year	\$ 18,081	\$ 14,231

Canadian Growth & Income Fund (AGF) SF249

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (1,977)	\$ 473
Adjustments		
Realized (gains) losses	211	(1,563)
Unrealized (gains) losses	1,800	1,025
Gross proceeds of disposition of investments	2,158	16,541
Gross payments for the purchase of investments	(7,451)	(15,352)
Distribution income of underlying mutual fund	(385)	(333)
Change in due from/to The Canada Life Assurance Company	(83)	—
Change in due from/to brokers	(67)	83
	<u>(5,794)</u>	<u>874</u>
Financing Activities		
Contractholder deposits	7,594	1,042
Contractholder withdrawals	(1,767)	(1,816)
	<u>5,827</u>	<u>(774)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	33	100
Cash, short-term deposits and overdrafts, beginning of year	83	(17)
Cash, short-term deposits and overdrafts, end of year	\$ 116	\$ 83

Canadian Growth & Income Fund (AGF) SF249

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Canada Life Sustainable Conservative Portfolio Fund Series S *	2,030,730	19,768	17,884
Total Investments		19,769	17,884

Top Holdings

Underlying fund: Canada Life ESG U.S. Equity Fund

Security Description	% of Total
Apple Inc.	6.06%
Microsoft Corp.	5.96%
Amazon.com Inc.	2.44%
UnitedHealth Group Inc.	1.94%
Berkshire Hathaway Inc. Class B	1.88%

Underlying fund: Canada Life International Equity Fund

Security Description	% of Total
Nestle SA	3.99%
Shell PLC	3.32%
TotalEnergies SE	3.23%
Roche Holding AG Genusscheine	3.10%
AstraZeneca PLC	2.83%

Underlying fund: Canada Life Sustainable Emerging Markets Equity Fund

Security Description	% of Total
iShares MSCI India ETF	8.60%
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	7.68%
HDFC Bank Ltd. ADR	6.09%
Tencent Holdings Ltd.	4.98%
Infosys Ltd. ADR	3.36%

*The issuer of this security is a related company to the issuer of the Fund.

Canadian Growth & Income Fund (AGF) SF249

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Top Holdings (continued)			

Underlying fund: Canada Life Sustainable Global Bond Fund

Security Description	% of Total
United States Treasury 4.13% 11-15-2032	9.10%
European Union 2.00% 10-04-2027	4.91%
United States Treasury 3.88% 11-30-2027	3.81%
European Union 1.00% 07-06-2032	3.46%
United States Treasury 1.38% 11-15-2031	3.42%

Canadian Growth & Income Fund (AGF) SF249

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Generations/Mosaic	141,338	173,505	203,834	214,801	229,656	2,986	4,178	4,761	4,776	4,664
Generations I	121,619	136,922	150,983	186,836	226,987	1,830	2,345	2,498	2,931	3,237
Generations II	14,215	19,163	27,504	30,644	31,276	183	282	392	415	386
Generations Core	36,352	40,833	46,715	45,651	49,047	489	623	688	637	622
75/75 guarantee policy	69,974	53,387	53,621	66,547	58,444	1,001	866	840	988	788
75/100 guarantee policy	352,603	166,441	156,684	194,330	191,703	4,995	2,684	2,441	2,870	2,574
100/100 guarantee policy	25,245	23,167	23,556	27,409	72,922	348	365	359	397	963
PS1 75/75 guarantee policy	34,783	20,594	16,178	15,265	12,403	527	353	267	238	175
PS1 75/100 guarantee policy	290,954	131,577	124,019	122,397	124,615	4,335	2,223	2,018	1,882	1,737
PS1 100/100 guarantee policy	920	1,538	1,705	1,767	—	13	25	27	27	—
PS2 75/75 guarantee policy	2,138	—	—	2,630	2,692	42	—	—	49	45
PS2 75/100 guarantee policy	18,945	10,779	11,554	10,797	1,939	369	233	235	202	32
PS2 100/100 guarantee policy	—	—	—	2,198	—	—	—	—	41	—
PS 75/75 guarantee policy	457	475	514	556	598	5	6	6	6	6
PS 75/100 guarantee policy	25,714	4,010	—	—	—	271	48	—	—	—
PPS 75/75 guarantee policy	20,601	—	—	—	—	221	—	—	—	—
PPS 75/100 guarantee policy	43,677	—	—	—	—	466	—	—	—	—

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
Generations/Mosaic	21.13	24.08	23.36	22.24	20.31	(2.95)	0.72
Generations I	15.05	17.13	16.55	15.69	14.26	(2.08)	0.58
Generations II	12.90	14.72	14.25	13.54	12.35	(1.82)	0.47
Generations Core	13.44	15.25	14.73	13.95	12.68	(1.81)	0.52
75/75 guarantee policy	14.30	16.23	15.67	14.84	13.49	(1.93)	0.56
75/100 guarantee policy	14.17	16.13	15.58	14.77	13.43	(1.96)	0.55
100/100 guarantee policy	13.79	15.74	15.24	14.48	13.20	(1.95)	0.50
PS1 75/75 guarantee policy	15.15	17.16	16.50	15.57	14.09	(2.01)	0.66
PS1 75/100 guarantee policy	14.90	16.89	16.27	15.38	13.94	(1.99)	0.62
PS1 100/100 guarantee policy	14.57	16.54	15.96	15.12	—	(1.97)	0.58
PS2 75/75 guarantee policy	19.46	—	—	18.72	16.54	(2.17)	—
PS2 75/100 guarantee policy	19.48	21.65	20.33	18.73	16.55	(2.17)	1.32
PS2 100/100 guarantee policy	—	—	—	18.75	—	—	—
PS 75/75 guarantee policy	10.59	11.92	11.38	10.66	9.59	(1.33)	0.54
PS 75/100 guarantee policy	10.52	11.88	—	—	—	(1.36)	0.52
PPS 75/75 guarantee policy	10.75	—	—	—	—	(1.32)	—
PPS 75/100 guarantee policy	10.67	—	—	—	—	(1.33)	—

Canadian Growth & Income Fund (AGF) SF249

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Canadian Growth & Income Fund (AGF) SF249 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Canadian Growth & Income Fund (AGF) SF249

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Canadian Growth & Income Fund (AGF) SF249

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Canadian Growth & Income Fund (AGF) SF249

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

Canadian Growth & Income Fund (AGF) SF249

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

Canadian Growth & Income Fund (AGF) SF249

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Canadian Growth & Income Fund (AGF) SF249

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

Canadian Growth & Income Fund (AGF) SF249

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Canadian Growth & Income Fund (AGF) SF249

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Canadian Growth & Income Fund (AGF) SF249

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Canadian Growth & Income Fund (AGF) SF249

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
Generations/Mosaic	2.53	3.23	3.32	3.32	3.34
Generations I	2.42	2.82	2.88	2.88	2.92
Generations II	2.64	3.08	3.13	3.13	3.16
Generations Core	2.14	2.75	2.82	2.83	2.84
75/75 guarantee policy	2.14	2.74	2.82	2.82	2.83
75/100 guarantee policy	2.40	2.82	2.88	2.88	2.91
100/100 guarantee policy	2.63	3.07	3.13	3.14	3.16
PS1 75/75 guarantee policy	1.90	2.35	2.42	2.42	2.43
PS1 75/100 guarantee policy	2.00	2.51	2.58	2.59	2.59
PS1 100/100 guarantee policy	2.13	2.73	2.80	2.80	—
PS 75/75 guarantee policy	1.30	1.68	1.72	1.72	1.72
PS 75/100 guarantee policy	1.57	1.56	—	—	—
PPS 75/75 guarantee policy	1.08	—	—	—	—
PPS 75/100 guarantee policy	1.18	—	—	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	13.49	109.43	5.74	16.17	16.82

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
CANADIAN EQUITY FUND S-285LL

December 31, 2022

Independent Auditor's Report

To the Contractholders of Canadian Equity Fund S-285LL (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Canadian Equity Fund S-285LL

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 964	\$ 1,664
Investment income due and accrued	204	222
Due from The Canada Life Assurance Company (note 7)	71	3
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	—	—
Stocks	111,240	103,028
Investment fund units	—	—
Total investments	111,240	103,028
Total assets	\$ 112,479	\$ 104,917
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	—	—
Due to brokers	175	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	175	—
Net assets attributable to contractholders	\$ 112,304	\$ 104,917

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (755)	\$ 21,104
Miscellaneous income (loss)	22	42
Total income (loss)	(733)	21,146
Expenses		
Management fees (note 7)	446	238
Transaction costs	18	45
Withholding taxes	—	2
Other	48	26
Total expenses	512	311
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (1,245)	\$ 20,835

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 104,917	\$ 67,701
Contractholder deposits	18,621	25,508
Contractholder withdrawals	(9,989)	(9,127)
Increase (decrease) in net assets from operations attributable to contractholders	(1,245)	20,835
Change in net assets attributable to contractholders	7,387	37,216
Net assets attributable to contractholders - end of year	\$ 112,304	\$ 104,917

Canadian Equity Fund S-285LL

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (1,245)	\$ 20,835
Adjustments		
Realized (gains) losses	(2,856)	(2,980)
Unrealized (gains) losses	6,860	(15,222)
Gross proceeds of disposition of investments	8,579	42,290
Gross payments for the purchase of investments	(20,795)	(61,295)
Change in investment income due and accrued	18	(83)
Change in due from/to The Canada Life Assurance Company	(68)	77
Change in due from/to brokers	175	—
Change in due from/to outside parties	—	—
	<u>(9,332)</u>	<u>(16,378)</u>
Financing Activities		
Contractholder deposits	18,621	25,508
Contractholder withdrawals	(9,989)	(9,127)
	<u>8,632</u>	<u>16,381</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(700)	3
Cash, short-term deposits and overdrafts, beginning of year	<u>1,664</u>	<u>1,661</u>
Cash, short-term deposits and overdrafts, end of year	<u><u>\$ 964</u></u>	<u><u>\$ 1,664</u></u>
Supplementary cash flow information		
Dividend income received	\$ 3,247	\$ 2,819

Canadian Equity Fund S-285LL

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Common Stock			
Communication Services			
Rogers Communications Inc. Class B non-voting	13,433	823	851
TELUS Corp.	61,300	1,635	1,602
TELUS International Inc.	23,255	833	622
Consumer Discretionary			
Canadian Tire Corp. Ltd. Class A non-voting	11,435	1,923	1,618
Dollarama Inc.	18,032	977	1,428
Gildan Activewear Inc.	30,745	1,176	1,140
Linamar Corp.	22,925	1,527	1,405
Sleep Country Canada Holdings Inc.	47,089	1,306	1,082
Consumer Staples			
Alimentation Couche-Tard Inc.	49,943	1,989	2,972
Empire Co. Ltd. Class A non-voting	59,991	2,158	2,139
Loblaw Companies Ltd.	18,992	1,253	2,274
Saputo Inc.	37,860	1,143	1,269
Energy			
Canadian Natural Resources Ltd.	59,332	2,268	4,462
Cenovus Energy Inc.	41,570	458	1,092
Enbridge Inc.	43,949	1,960	2,326
Suncor Energy Inc.	72,028	2,060	3,094
TC Energy Corp.	41,448	2,383	2,237
Tourmaline Oil Corp.	21,213	607	1,449
Exchange Traded Funds			
Mackenzie US Large Cap Index ETF *	30,407	4,382	4,476
Financials			
Bank of Montreal	34,998	3,969	4,294
Brookfield Asset Management Inc. Class A	11,438	396	443
Brookfield Corp.	50,012	1,975	2,130
Canadian Western Bank	31,557	979	759
Definity Financial Corp.	16,140	381	621
ECN Capital Corp.	170,321	582	473

*The issuer of this security is a related company to the issuer of the Fund.

Canadian Equity Fund S-285LL

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Common Stock (continued)			
Financials (continued)			
iA Financial Corp. Inc.	22,763	1,371	1,804
Intact Financial Corp.	9,344	1,372	1,821
Manulife Financial Corp.	86,029	1,899	2,078
Onex Corp. sub. voting	14,941	1,182	975
Royal Bank of Canada	61,425	6,583	7,820
Sun Life Financial Inc.	42,349	2,622	2,662
The Bank of Nova Scotia	47,815	3,304	3,172
The Toronto-Dominion Bank	83,777	5,916	7,346
Health Care			
DRI Healthcare Trust	62,154	592	490
Jamieson Wellness Inc.	14,760	556	518
Industrials			
Bombardier Inc. Class B sub. voting	10,013	285	523
CAE Inc.	42,314	1,479	1,108
Canadian National Railway Co.	26,464	3,468	4,256
Canadian Pacific Railway Ltd.	41,619	3,260	4,201
SNC-Lavalin Group Inc.	32,479	912	775
Stantec Inc.	7,766	354	504
Transcontinental Inc. Class A sub. voting	43,431	849	664
WSP Global Inc.	6,308	791	991
Information Technology			
CGI Group Inc. Class A sub. voting	23,814	2,261	2,779
Open Text Corp.	23,329	1,185	936
Shopify Inc.	10,120	653	476
Materials			
Agnico Eagle Mines Ltd.	31,149	2,523	2,192
Barrick Gold Corp.	54,689	1,460	1,269
Cascades Inc.	34,080	481	288
CCL Industries Inc. Class B non-voting	39,911	2,402	2,308
Kinross Gold Corp.	159,499	1,296	880
Nutrien Ltd.	20,561	1,235	2,032
Sabina Gold & Silver Corp.	164,049	346	218
SSR Mining Inc.	23,990	486	508

Canadian Equity Fund S-285LL

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Common Stock (continued)			
Materials (continued)			
Teck Resources Ltd. Class B	23,722	590	1,214
Real Estate			
Allied Properties REIT	32,567	1,199	834
Boardwalk REIT	37,699	1,417	1,863
CT REIT	38,643	618	602
Dream Office REIT	35,392	712	529
Utilities			
Capital Power Corp.	23,234	859	1,076
Fortis Inc.	13,194	685	715
Northland Power Inc.	46,413	1,765	1,723
TransAlta Corp.	68,693	763	832
Total Canadian Common Stock		98,874	111,240
Total Stocks		98,874	111,240
Transaction Costs (note 2)		(49)	
Total Investments		98,825	111,240

Canadian Equity Fund S-285LL

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Canadian Equity Fund S-285LL (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

Canadian Equity Fund S-285LL

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2022 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2022

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ —	\$ 100	\$ 100	\$ 1
Total	\$ —	\$ 100	\$ 100	\$ 1
As Percent of Net Assets Attributable to Contractholders			—%	

**Includes both monetary and non-monetary instruments*

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ —	\$ 6	\$ 6	\$ —
Total	\$ —	\$ 6	\$ 6	\$ —
As Percent of Net Assets Attributable to Contractholders			—%	

**Includes both monetary and non-monetary instruments*

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2022, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$1,112 (\$1,030 at December 31, 2021) or approximately 1.0% (1.0% at December 31, 2021) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

Canadian Equity Fund S-285LL

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

<u>Assets measured at fair value</u>	2022			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 111,240	\$ —	\$ —	\$ 111,240
Total assets measured at fair value	\$ 111,240	\$ —	\$ —	\$ 111,240

<u>Assets measured at fair value</u>	2021			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 103,028	\$ —	\$ —	\$ 103,028
Total assets measured at fair value	\$ 103,028	\$ —	\$ —	\$ 103,028

There were no significant transfers between Level 1 and Level 2 during 2022 or 2021.

Canadian Equity Fund S-285LL

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Flex	29,474	30,850	29,047	33,704	43,644	568	618	470	570	639
Generations/Mosaic	55,699	41,807	39,349	46,961	54,415	1,084	845	643	801	804
Generations I	32,671	31,597	32,750	33,086	39,309	532	534	447	471	484
Generations II	4,722	3,981	4,932	5,031	8,128	61	54	54	58	81
Generations Core	3,344	2,982	3,809	3,110	6,542	47	43	44	38	68
75/75 guarantee policy	161,495	91,969	46,163	21,983	14,070	2,739	1,616	654	324	179
75/100 guarantee policy	378,563	212,741	148,564	106,130	73,596	6,310	3,679	2,076	1,546	927
100/100 guarantee policy	36,810	28,221	20,672	7,102	8,556	586	468	278	100	105
PS1 75/75 guarantee policy	147,622	60,550	22,387	5,951	33,944	2,775	1,174	348	96	470
PS1 75/100 guarantee policy	301,163	167,692	110,820	32,889	40,836	5,539	3,187	1,694	522	559
PS1 100/100 guarantee policy	29,104	30,274	14,815	7,329	7,687	516	556	220	113	103
PS2 75/75 guarantee policy	90,207	15,898	909	—	—	2,143	381	17	—	—
PS2 75/100 guarantee policy	17,548	6,040	3,220	4,417	10,347	417	145	61	84	166
PS 75/75 guarantee policy	1,988	589	593	—	—	25	7	6	—	—
PS 75/100 guarantee policy	31,978	12,463	6,416	338	—	392	157	64	3	—
PPS 75/75 guarantee policy	29,684	34,157	33,986	26,340	—	374	439	347	275	—
PPS 75/100 guarantee policy	27,363	1,072	7,250	1,222	—	341	14	74	13	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
Flex	19.27	20.02	16.19	16.90	14.63	(0.75)	3.83
Generations/Mosaic	19.46	20.22	16.35	17.07	14.78	(0.76)	3.87
Generations I	16.28	16.89	13.64	14.22	12.30	(0.61)	3.25
Generations II	12.95	13.48	10.93	11.44	9.93	(0.53)	2.55
Generations Core	13.91	14.41	11.62	12.10	10.45	(0.50)	2.79
75/75 guarantee policy	16.96	17.57	14.17	14.75	12.74	(0.61)	3.40
75/100 guarantee policy	16.67	17.30	13.97	14.57	12.60	(0.63)	3.33
100/100 guarantee policy	15.93	16.59	13.45	14.07	12.22	(0.66)	3.14
PS1 75/75 guarantee policy	18.80	19.38	15.56	16.12	13.86	(0.58)	3.82
PS1 75/100 guarantee policy	18.39	19.01	15.29	15.88	13.68	(0.62)	3.72
PS1 100/100 guarantee policy	17.73	18.38	14.84	15.46	13.36	(0.65)	3.54
PS2 75/75 guarantee policy	23.76	23.96	18.81	—	—	(0.20)	5.15
PS2 75/100 guarantee policy	23.76	23.96	18.81	19.07	16.04	(0.20)	5.15
PS 75/75 guarantee policy	12.34	12.64	10.08	—	—	(0.30)	2.56
PS 75/100 guarantee policy	12.25	12.57	10.04	10.36	—	(0.32)	2.53
PPS 75/75 guarantee policy	12.59	12.84	10.20	10.45	—	(0.25)	2.64
PPS 75/100 guarantee policy	12.47	12.74	10.14	10.42	—	(0.27)	2.60

Canadian Equity Fund S-285LL

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Canadian Equity Fund S-285LL

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Canadian Equity Fund S-285LL

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Canadian Equity Fund S-285LL

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) **Stocks**

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

d) **Cash, Short-term Deposits and Overdrafts**

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Canadian Equity Fund S-285LL

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Canadian Equity Fund S-285LL

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Canadian Equity Fund S-285LL

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Canadian Equity Fund S-285LL

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

Portfolio units are those units owned by the Asset Allocation Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Canadian Equity Fund S-285LL

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Canadian Equity Fund S-285LL

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
Flex	2.95	2.94	2.92	2.94	2.95
Generations/Mosaic	2.94	2.94	2.92	2.94	2.95
Generations I	2.84	2.84	2.81	2.83	2.86
Generations II	3.19	3.20	3.17	3.19	3.22
Generations Core	2.67	2.67	2.65	2.66	2.72
75/75 guarantee policy	2.66	2.66	2.64	2.66	2.70
75/100 guarantee policy	2.84	2.83	2.81	2.82	2.85
100/100 guarantee policy	3.19	3.19	3.16	3.19	3.21
PS1 75/75 guarantee policy	2.22	2.20	2.18	2.21	2.19
PS1 75/100 guarantee policy	2.42	2.43	2.40	2.42	2.44
PS1 100/100 guarantee policy	2.75	2.75	2.73	2.75	2.77
PS 75/75 guarantee policy	1.55	1.55	1.54	—	—
PS 75/100 guarantee policy	1.72	1.72	1.71	1.72	—
PPS 75/75 guarantee policy	1.10	1.10	1.09	1.09	—
PPS 75/100 guarantee policy	1.33	1.33	1.31	1.32	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	7.89	47.94	7.08	20.30	42.82

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
U.S. GROWTH LEADERS FUND S-286MF

December 31, 2022

Independent Auditor's Report

To the Contractholders of U.S. Growth Leaders Fund S-286MF (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

U.S. Growth Leaders Fund S-286MF

(in Canadian \$ thousands)

Fund Manager: Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	124
Due from brokers	1,108	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	644,071	827,064
Total investments	644,071	827,064
Total assets	\$ 645,179	\$ 827,188
Liabilities		
Overdrafts	\$ 1,229	\$ 78
Due to The Canada Life Assurance Company (note 8)	7	—
Due to brokers	—	140
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	1,236	218
Net assets attributable to contractholders	\$ 643,943	\$ 826,970

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (204,032)	\$ 121,970
Miscellaneous income (loss)	—	—
Total income (loss)	(204,032)	121,970
Expenses		
Management fees (note 8)	15,579	16,697
Other	1,518	1,572
Total expenses	17,097	18,269
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (221,129)	\$ 103,701

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year		
	\$ 826,970	\$ 568,459
Contractholder deposits	92,336	218,545
Contractholder withdrawals	(54,234)	(63,735)
Increase (decrease) in net assets from operations attributable to contractholders	(221,129)	103,701
Change in net assets attributable to contractholders	(183,027)	258,511
Net assets attributable to contractholders - end of year	\$ 643,943	\$ 826,970

U.S. Growth Leaders Fund S-286MF

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (221,129)	\$ 103,701
Adjustments		
Realized (gains) losses	(9,154)	(15,800)
Unrealized (gains) losses	214,160	(91,033)
Gross proceeds of disposition of investments	41,789	432,952
Gross payments for the purchase of investments	(62,828)	(570,480)
Distribution income of underlying mutual fund	(974)	(15,137)
Change in due from/to The Canada Life Assurance Company	131	718
Change in due from/to brokers	(1,248)	(948)
	<u>(39,253)</u>	<u>(156,027)</u>
Financing Activities		
Contractholder deposits	92,336	218,545
Contractholder withdrawals	(54,234)	(63,735)
	<u>38,102</u>	<u>154,810</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(1,151)	(1,217)
Cash, short-term deposits and overdrafts, beginning of year	<u>(78)</u>	<u>1,139</u>
Cash, short-term deposits and overdrafts, end of year	<u>\$ (1,229)</u>	<u>\$ (78)</u>

U.S. Growth Leaders Fund S-286MF

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Canada Life U.S. All Cap Growth Fund Series S *	12,734,023	548,973	644,071
Total Investments		548,973	644,071

Top 25 Holdings

Security Description	% of Total
Microsoft Corp.	9.58%
Apple Inc.	9.15%
Amazon.com Inc.	3.94%
UnitedHealth Group Inc.	3.83%
Alphabet Inc. Class C	3.56%
Mastercard Inc. Class A	3.26%
Cash and short-term deposits	3.08%
NVIDIA Corp.	2.97%
Visa Inc. Class A	2.47%
Eli Lilly and Co.	2.24%
Costco Wholesale Corp.	2.22%
American Tower Corp. REIT Class A	2.01%
Cadence Design Systems Inc.	1.93%
Nike Inc. Class B	1.89%
Palo Alto Networks Inc.	1.72%
Danaher Corp.	1.64%
Humana Inc.	1.64%
The Charles Schwab Corp.	1.57%
Accenture PLC Class A	1.55%
AstraZeneca PLC	1.47%
The Hershey Co.	1.46%
Lululemon Athletica Inc.	1.44%
Gartner Inc.	1.37%
Intuit Inc.	1.31%
Oracle Corp.	1.31%

*The issuer of this security is a related company to the issuer of the Fund.

U.S. Growth Leaders Fund S-286MF

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 4 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Flex	213,956	233,954	258,786	266,362	274,762	4,445	6,619	6,292	4,900	3,954
Generations/Mosaic	1,429,186	1,576,879	1,863,258	1,872,623	1,825,058	29,979	45,043	45,742	34,779	26,516
Generations I	236,118	274,899	376,566	358,723	358,510	9,713	15,386	18,098	13,031	10,180
Generations II	131,278	138,492	159,073	144,312	180,418	4,312	6,215	6,155	4,238	4,159
Generations Core	198,805	237,990	306,843	364,318	296,335	7,086	11,539	12,772	11,459	7,284
75/75 guarantee policy	2,504,517	2,390,008	2,134,923	1,345,285	777,590	114,408	148,508	113,885	54,232	24,495
75/100 guarantee policy	3,339,898	3,234,268	2,813,847	1,984,462	1,586,836	151,696	199,871	149,322	79,604	49,755
100/100 guarantee policy	1,091,014	1,101,134	1,028,062	635,610	443,999	46,660	64,339	51,795	24,306	13,326
PS1 75/75 guarantee policy	1,558,404	1,430,364	935,310	398,819	216,726	64,045	79,552	44,430	14,239	6,014
PS1 75/100 guarantee policy	2,639,495	2,484,241	2,110,273	1,199,896	880,722	105,226	134,396	97,777	41,900	23,968
PS1 100/100 guarantee policy	257,558	274,871	176,616	149,388	106,746	9,802	14,258	7,881	5,044	2,821
PS2 75/75 guarantee policy	95,862	87,314	72,582	59,103	32,833	5,088	6,120	4,240	2,534	1,068
PS2 75/100 guarantee policy	139,748	145,075	119,005	60,300	56,689	7,428	10,182	6,961	2,588	1,846
PS2 100/100 guarantee policy	—	—	—	—	5,331	—	—	—	—	173
PS 75/75 guarantee policy	84,473	77,061	56,343	8,474	3,391	1,197	1,469	912	103	32
PS 75/100 guarantee policy	122,838	85,488	26,932	10,731	3,150	1,739	1,629	436	130	29
PS 100/100 guarantee policy	3,686	3,935	870	—	—	51	74	14	—	—
PPS 75/75 guarantee policy	116,463	79,261	29,971	3,516	—	1,690	1,540	492	43	—
PPS 75/100 guarantee policy	212,069	195,039	55,215	23,630	—	3,040	3,753	900	287	—
PPS 100/100 guarantee policy	19,876	19,991	5,745	839	—	279	379	93	10	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
Flex	20.78	28.29	24.31	18.39	14.39	(7.51)	3.98
Generations/Mosaic	20.98	28.56	24.55	18.57	14.53	(7.58)	4.01
Generations I	41.14	55.97	48.06	36.33	28.39	(14.83)	7.91
Generations II	32.84	44.87	38.69	29.37	23.05	(12.03)	6.18
Generations Core	35.64	48.48	41.62	31.45	24.58	(12.84)	6.86
75/75 guarantee policy	45.68	62.14	53.34	40.31	31.50	(16.46)	8.80
75/100 guarantee policy	45.42	61.80	53.07	40.11	31.35	(16.38)	8.73
100/100 guarantee policy	42.77	58.43	50.38	38.24	30.01	(15.66)	8.05
PS1 75/75 guarantee policy	41.10	55.62	47.50	35.70	27.75	(14.52)	8.12
PS1 75/100 guarantee policy	39.87	54.10	46.33	34.92	27.21	(14.23)	7.77
PS1 100/100 guarantee policy	38.06	51.87	44.62	33.77	26.43	(13.81)	7.25
PS2 75/75 guarantee policy	53.08	70.09	58.42	42.87	32.53	(17.01)	11.67
PS2 75/100 guarantee policy	53.15	70.18	58.50	42.92	32.57	(17.03)	11.68
PS2 100/100 guarantee policy	—	—	—	—	32.51	—	—
PS 75/75 guarantee policy	14.17	19.07	16.19	12.10	9.36	(4.90)	2.88
PS 75/100 guarantee policy	14.16	19.05	16.18	12.10	9.35	(4.89)	2.87
PS 100/100 guarantee policy	13.89	18.78	16.01	—	—	(4.89)	2.77
PPS 75/75 guarantee policy	14.51	19.43	16.41	12.20	—	(4.92)	3.02
PPS 75/100 guarantee policy	14.34	19.24	16.30	12.15	—	(4.90)	2.94
PPS 100/100 guarantee policy	14.06	18.95	16.13	12.07	—	(4.89)	2.82

U.S. Growth Leaders Fund S-286MF

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The U.S. Growth Leaders Fund S-286MF (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

U.S. Growth Leaders Fund S-286MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

U.S. Growth Leaders Fund S-286MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

U.S. Growth Leaders Fund S-286MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

U.S. Growth Leaders Fund S-286MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

U.S. Growth Leaders Fund S-286MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

U.S. Growth Leaders Fund S-286MF

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

U.S. Growth Leaders Fund S-286MF

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Portfolio units are those units owned by the Asset Allocation Funds. Each Portfolio fund is represented by a separate category.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

U.S. Growth Leaders Fund S-286MF

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

U.S. Growth Leaders Fund S-286MF

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

U.S. Growth Leaders Fund S-286MF

Supplemental Information (unaudited)

The following table shows selected key financial information about the Fund and is intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
Flex	3.09	3.07	3.06	3.06	3.08
Generations/Mosaic	3.09	3.07	3.06	3.06	3.07
Generations I	3.00	2.98	2.97	2.97	2.99
Generations II	3.42	3.39	3.39	3.39	3.41
Generations Core	2.98	2.96	2.95	2.95	2.96
75/75 guarantee policy	2.98	2.95	2.95	2.95	2.95
75/100 guarantee policy	3.00	2.98	2.97	2.98	2.98
100/100 guarantee policy	3.42	3.39	3.38	3.39	3.40
PS1 75/75 guarantee policy	2.46	2.44	2.40	2.40	2.41
PS1 75/100 guarantee policy	2.74	2.71	2.67	2.68	2.68
PS1 100/100 guarantee policy	3.18	3.15	3.11	3.12	3.12
PS 75/75 guarantee policy	1.88	1.86	1.85	1.85	1.86
PS 75/100 guarantee policy	1.90	1.87	1.88	1.88	1.88
PS 100/100 guarantee policy	2.32	2.30	2.30	—	—
PPS 75/75 guarantee policy	1.36	1.34	1.30	1.31	—
PPS 75/100 guarantee policy	1.64	1.61	1.58	1.58	—
PPS 100/100 guarantee policy	2.08	2.06	2.02	2.02	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
PS1 75/75 guarantee policy	2.46	2.44	2.44	2.43	2.44
PS1 75/100 guarantee policy	2.74	2.71	2.71	2.71	2.71
PS1 100/100 guarantee policy	3.18	3.15	3.15	3.15	3.15
PPS 75/75 guarantee policy	1.36	1.34	1.34	1.34	—
PPS 75/100 guarantee policy	1.64	1.61	1.62	1.61	—
PPS 100/100 guarantee policy	2.08	2.06	2.06	2.05	—

Portfolio Turnover Rate (%) ⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	5.86	64.74	9.37	7.97	3.95

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
CANADIAN GROWTH FUND (AIM) SF289

December 31, 2022

Independent Auditor's Report

To the Contractholders of Canadian Growth Fund (AIM) SF289 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Canadian Growth Fund (AIM) SF289

(in Canadian \$ thousands)

Fund Manager: Invesco Canada Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	7	4
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	7,438	8,649
Total investments	7,438	8,649
Total assets	\$ 7,445	\$ 8,653
Liabilities		
Overdrafts	\$ 9	\$ 4
Due to The Canada Life Assurance Company (note 8)	2	4
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	11	8
Net assets attributable to contractholders	\$ 7,434	\$ 8,645

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (221)	\$ 1,828
Miscellaneous income (loss)	—	—
Total income (loss)	(221)	1,828
Expenses		
Management fees (note 8)	223	243
Other	24	26
Total expenses	247	269
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (468)	\$ 1,559

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 8,645	\$ 8,009
Contractholder deposits	81	116
Contractholder withdrawals	(824)	(1,039)
Increase (decrease) in net assets from operations attributable to contractholders	(468)	1,559
Change in net assets attributable to contractholders	(1,211)	636
Net assets attributable to contractholders - end of year	\$ 7,434	\$ 8,645

Canadian Growth Fund (AIM) SF289

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (468)	\$ 1,559
Adjustments		
Realized (gains) losses	(429)	(491)
Unrealized (gains) losses	785	(1,268)
Gross proceeds of disposition of investments	1,113	1,352
Gross payments for the purchase of investments	(123)	(103)
Distribution income of underlying mutual fund	(135)	(69)
Change in due from/to The Canada Life Assurance Company	(2)	(45)
Change in due from/to brokers	(3)	61
	<u>738</u>	<u>996</u>
Financing Activities		
Contractholder deposits	81	116
Contractholder withdrawals	(824)	(1,039)
	<u>(743)</u>	<u>(923)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(5)	73
Cash, short-term deposits and overdrafts, beginning of year	(4)	(77)
Cash, short-term deposits and overdrafts, end of year	\$ (9)	\$ (4)

Canadian Growth Fund (AIM) SF289

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Invesco EQV Canadian Premier Equity Class Series I	154,478	4,555	7,438
Total Investments		4,555	7,438

Top 25 Holdings

Security Description	% of Total
Aritzia Inc.	4.03%
Celestica Inc.	3.75%
Element Fleet Management Corp.	2.94%
Canadian Pacific Railway Ltd.	2.55%
Franco-Nevada Corp.	2.52%
Colliers International Group Inc.	2.45%
Brookfield Corp.	2.40%
The Toronto-Dominion Bank	2.39%
Fairfax Financial Holdings Ltd. sub. voting	2.27%
Intact Financial Corp.	2.25%
Toromont Industries Ltd.	2.24%
Stantec Inc.	2.21%
Wheaton Precious Metals Corp.	2.15%
Broadcom Inc.	1.99%
Tourmaline Oil Corp.	1.94%
Canadian Dollar Cash Management Fund Series I	1.88%
Bombardier Inc. Class B sub. voting	1.87%
PrairieSky Royalty Ltd.	1.87%
CGI Group Inc. Class A sub. voting	1.82%
Definity Financial Corp.	1.78%
ATS Corp.	1.71%
Canadian Natural Resources Ltd.	1.64%
Harley-Davidson Inc.	1.62%
Royal Bank of Canada	1.58%
George Weston Ltd.	1.57%

Canadian Growth Fund (AIM) SF289

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Generations/Mosaic	109,076	119,334	135,580	156,388	190,775	2,713	3,155	2,987	3,335	3,552
Generations I	18,552	20,957	26,056	29,552	32,307	349	418	432	473	450
Generations II	3,211	3,338	4,629	4,596	6,541	51	56	65	63	78
Generations Core	10,139	11,581	13,195	22,327	23,239	172	207	195	318	287
75/75 guarantee policy	19,037	20,369	24,938	27,262	45,013	397	448	455	478	685
75/100 guarantee policy	90,031	98,471	118,624	149,570	174,630	1,825	2,113	2,116	2,574	2,614
100/100 guarantee policy	12,490	14,193	16,378	19,784	23,162	246	297	286	334	340
PS1 75/75 guarantee policy	22,335	22,595	21,368	21,142	22,370	494	525	409	387	354
PS1 75/100 guarantee policy	42,809	42,281	36,275	54,587	96,561	925	962	681	983	1,504
PS2 75/75 guarantee policy	—	—	—	3,774	3,865	—	—	—	83	72
PS2 75/100 guarantee policy	—	—	—	—	12,038	—	—	—	—	224
PS2 100/100 guarantee policy	8,712	9,084	9,470	9,895	10,320	251	268	225	219	192
PS 75/75 guarantee policy	904	959	968	977	—	11	12	10	10	—
PPS 75/100 guarantee policy	—	14,131	13,864	13,237	—	—	184	148	134	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
Generations/Mosaic	24.87	26.43	22.03	21.33	18.62	(1.56)	4.40
Generations I	18.84	19.95	16.58	15.99	13.91	(1.11)	3.37
Generations II	15.92	16.90	14.08	13.61	11.87	(0.98)	2.82
Generations Core	16.92	17.87	14.81	14.25	12.36	(0.95)	3.06
75/75 guarantee policy	20.84	22.01	18.24	17.55	15.23	(1.17)	3.77
75/100 guarantee policy	20.27	21.46	17.84	17.21	14.97	(1.19)	3.62
100/100 guarantee policy	19.72	20.93	17.43	16.86	14.70	(1.21)	3.50
PS1 75/75 guarantee policy	22.13	23.23	19.14	18.32	15.80	(1.10)	4.09
PS1 75/100 guarantee policy	21.61	22.75	18.78	18.01	15.57	(1.14)	3.97
PS2 75/75 guarantee policy	—	—	—	22.14	18.64	—	—
PS2 75/100 guarantee policy	—	—	—	—	18.64	—	—
PS2 100/100 guarantee policy	28.83	29.53	23.74	22.15	18.64	(0.70)	5.79
PS 75/75 guarantee policy	12.33	12.88	10.56	10.05	—	(0.55)	2.32
PPS 75/100 guarantee policy	—	13.04	10.65	10.10	—	—	2.39

Canadian Growth Fund (AIM) SF289

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Canadian Growth Fund (AIM) SF289 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Canadian Growth Fund (AIM) SF289

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Canadian Growth Fund (AIM) SF289

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Canadian Growth Fund (AIM) SF289

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

Canadian Growth Fund (AIM) SF289

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

Canadian Growth Fund (AIM) SF289

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Canadian Growth Fund (AIM) SF289

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

Canadian Growth Fund (AIM) SF289

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Canadian Growth Fund (AIM) SF289

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.

Canadian Growth Fund (AIM) SF289

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Canadian Growth Fund (AIM) SF289

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
Generations/Mosaic	3.66	3.66	3.66	3.66	3.68
Generations I	3.33	3.34	3.33	3.33	3.35
Generations II	3.55	3.56	3.55	3.56	3.57
Generations Core	3.06	3.06	3.06	3.06	3.11
75/75 guarantee policy	3.06	3.06	3.06	3.06	3.10
75/100 guarantee policy	3.33	3.34	3.33	3.33	3.34
100/100 guarantee policy	3.56	3.56	3.55	3.55	3.56
PS1 75/75 guarantee policy	2.48	2.48	2.48	2.49	2.48
PS1 75/100 guarantee policy	2.71	2.70	2.71	2.71	2.71
PS 75/75 guarantee policy	1.96	1.96	1.94	1.95	—
PPS 75/100 guarantee policy	—	1.60	1.60	1.60	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	1.58	1.23	0.96	3.51	9.15

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
MID CAP CANADA FUND S-346G

December 31, 2022

Independent Auditor's Report

To the Contractholders of Mid Cap Canada Fund S-346G (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Mid Cap Canada Fund S-346G

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 1,971	\$ 885
Investment income due and accrued	249	100
Due from The Canada Life Assurance Company (note 7)	1	46
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	—	—
Stocks	111,112	120,567
Investment fund units	—	—
Total investments	111,112	120,567
Total assets	\$ 113,333	\$ 121,598
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	—	—
Due to brokers	—	5
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	5
Net assets attributable to contractholders	\$ 113,333	\$ 121,593

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (15,640)	\$ 9,713
Miscellaneous income (loss)	26	3
Total income (loss)	(15,614)	9,716
Expenses		
Management fees (note 7)	1,619	1,572
Transaction costs	89	69
Withholding taxes	(6)	(2)
Other	174	167
Total expenses	1,876	1,806
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (17,490)	\$ 7,910

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 121,593	\$ 79,648
Contractholder deposits	15,565	46,392
Contractholder withdrawals	(6,335)	(12,357)
Increase (decrease) in net assets from operations attributable to contractholders	(17,490)	7,910
Change in net assets attributable to contractholders	(8,260)	41,945
Net assets attributable to contractholders - end of year	\$ 113,333	\$ 121,593

Mid Cap Canada Fund S-346G

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (17,490)	\$ 7,910
Adjustments		
Realized (gains) losses	(2,664)	(5,990)
Unrealized (gains) losses	20,269	(2,381)
Gross proceeds of disposition of investments	44,124	34,869
Gross payments for the purchase of investments	(52,274)	(68,660)
Change in investment income due and accrued	(149)	(14)
Change in due from/to The Canada Life Assurance Company	45	77
Change in due from/to brokers	(5)	5
Change in due from/to outside parties	—	—
	<u>(8,144)</u>	<u>(34,184)</u>
Financing Activities		
Contractholder deposits	15,565	46,392
Contractholder withdrawals	(6,335)	(12,357)
	<u>9,230</u>	<u>34,035</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	1,086	(149)
Cash, short-term deposits and overdrafts, beginning of year	885	1,034
Cash, short-term deposits and overdrafts, end of year	<u>\$ 1,971</u>	<u>\$ 885</u>
Supplementary cash flow information		
Dividend income received	\$ 1,775	\$ 1,326

Mid Cap Canada Fund S-346G

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock			
Communication Services			
Cogeco Inc.	28,168	2,315	1,791
TELUS Corp.	43,312	2,052	1,132
Consumer Discretionary			
Aritzia Inc.	96,558	2,766	4,571
Linamar Corp.	11,460	803	702
Park Lawn Corp.	41,973	1,485	1,085
Pet Valu Holdings Ltd.	44,244	1,287	1,731
Pollard Banknote Ltd.	79,060	2,222	1,512
Sleep Country Canada Holdings Inc.	68,555	1,791	1,575
Consumer Staples			
Empire Co. Ltd. Class A non-voting	40,165	1,530	1,432
Lassonde Industries Inc.	6,620	1,035	737
Energy			
ARC Resources Ltd.	139,400	2,286	2,544
Headwater Exploration Inc.	224,535	1,217	1,329
Kelt Exploration Ltd.	367,453	1,765	1,841
North American Construction Group Ltd.	101,845	1,674	1,841
Parkland Corp. of Canada	62,806	2,334	1,866
Pason Systems Inc.	150,159	1,761	2,394
PrairieSky Royalty Ltd.	113,364	1,962	2,460
Secure Energy Services Inc.	355,592	2,046	2,500
Topaz Energy Corp.	129,833	2,450	2,743
Financials			
Canadian Western Bank	42,715	1,541	1,028
Definity Financial Corp.	45,849	1,280	1,764
EQB Inc.	33,915	2,419	1,924
iA Financial Corp. Inc.	51,755	3,362	4,103
Health Care			
Andlauer Healthcare Group Inc.	78,512	2,874	3,718
dentalcorp Holdings Ltd.	92,683	1,310	825
Jamieson Wellness Inc.	75,908	2,134	2,664
Neighbourly Pharmacy Inc.	90,877	2,239	2,126

Mid Cap Canada Fund S-346G

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Common Stock (continued)			
Industrials			
ADENTRA Inc.	75,757	2,027	2,147
AG Growth International Inc.	14,366	523	623
ATS Corp.	56,320	1,730	2,371
Boyd Group Services Inc.	8,503	1,730	1,778
Cargojet Inc.	12,234	1,784	1,423
K-Bro Linen Inc.	45,987	1,689	1,255
Richelieu Hardware Ltd.	51,696	1,997	1,872
Stantec Inc.	37,887	2,035	2,458
Toromont Industries Ltd.	22,081	1,917	2,158
Information Technology			
Enghouse Systems Ltd.	47,528	2,303	1,710
Kinaxis Inc.	19,910	2,662	3,025
Tecsys Inc.	80,903	2,767	2,146
The Descartes Systems Group Inc.	15,699	1,303	1,482
Materials			
CCL Industries Inc. Class B non-voting	47,712	2,941	2,760
MAG Silver Corp.	121,533	2,388	2,570
Major Drilling Group International Inc.	133,003	1,165	1,399
SSR Mining Inc.	29,042	689	615
Stella-Jones Inc.	88,606	3,663	4,299
Wesdome Gold Mines Ltd.	65,508	789	490
Winpak Ltd.	67,907	2,792	2,856
Real Estate			
BSR REIT	35,250	855	626
FirstService Corp.	7,414	1,144	1,229
InterRent REIT	128,668	2,010	1,647
Killam Apartment REIT	172,216	3,038	2,792
Minto Apartment REIT	87,413	1,754	1,228
Morguard Corp.	22,743	3,409	2,558
Summit Industrial Income REIT	30,320	650	688
Tricon Residential Inc.	104,686	1,305	1,093
Utilities			
Boralex Inc. Class A	76,154	2,392	3,048

Mid Cap Canada Fund S-346G

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock (continued)			
Utilities (continued)			
Northland Power Inc.	76,157	2,556	2,828
Total Canadian Common Stock		109,947	111,112
Total Stocks		109,947	111,112
Transaction Costs (note 2)		(91)	
Total Investments		109,856	111,112

Mid Cap Canada Fund S-346G

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Mid Cap Canada Fund S-346G (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

Mid Cap Canada Fund S-346G

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2022 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

The Fund had no significant exposure to foreign currency as at December 31, 2022.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 2,809	\$ 29	\$ 2,838	\$ 28
Total	\$ 2,809	\$ 29	\$ 2,838	\$ 28
As Percent of Net Assets Attributable to Contractholders			2.3%	

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2022, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$1,111 (\$1,206 at December 31, 2021) or approximately 1.0% (1.0% at December 31, 2021) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

Mid Cap Canada Fund S-346G

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

<u>Assets measured at fair value</u>	2022			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 111,112	\$ —	\$ —	\$ 111,112
Total assets measured at fair value	\$ 111,112	\$ —	\$ —	\$ 111,112

<u>Assets measured at fair value</u>	2021			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 120,567	\$ —	\$ —	\$ 120,567
Total assets measured at fair value	\$ 120,567	\$ —	\$ —	\$ 120,567

There were no significant transfers between Level 1 and Level 2 during 2022 or 2021.

Mid Cap Canada Fund S-346G

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Generations/Mosaic	117,358	154,402	162,875	150,175	176,479	3,058	4,769	4,699	3,585	3,418
Generations I	54,892	78,795	76,807	73,657	92,192	942	1,599	1,453	1,150	1,165
Generations II	19,278	21,951	22,756	33,413	34,087	300	406	394	479	398
Generations Core	29,380	31,931	32,938	32,117	36,576	502	645	618	497	457
75/75 guarantee policy	439,263	365,013	218,867	89,004	64,481	10,605	10,401	5,799	1,943	1,137
75/100 guarantee policy	903,959	871,545	555,656	265,339	165,856	21,193	24,170	14,361	5,661	2,865
100/100 guarantee policy	59,137	66,448	65,818	45,654	54,317	1,315	1,755	1,627	936	905
PS1 75/75 guarantee policy	409,499	323,455	155,506	70,603	39,302	8,220	7,628	3,394	1,264	566
PS1 75/100 guarantee policy	814,136	861,980	420,393	170,344	84,532	15,966	19,904	9,005	2,998	1,199
PS1 100/100 guarantee policy	32,132	37,199	33,531	27,021	34,225	605	827	695	462	473
PS2 75/75 guarantee policy	144,553	87,554	39,763	23,921	15,989	3,716	2,584	1,061	511	269
PS2 75/100 guarantee policy	101,087	103,289	36,411	47,467	21,285	2,597	3,046	971	1,014	357
PS2 100/100 guarantee policy	368	377	386	396	405	9	11	10	8	7
PS 75/75 guarantee policy	36,230	28,447	20,339	1,014	—	444	407	267	11	—
PS 75/100 guarantee policy	64,605	47,020	38,822	13,166	—	783	667	508	141	—
PPS 75/75 guarantee policy	50,300	59,665	22,152	—	—	629	867	295	—	—
PPS 75/100 guarantee policy	53,635	37,545	11,420	4,178	510	664	541	151	45	4
PPS 100/100 guarantee policy	969	1,027	203	—	—	12	15	3	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
Generations/Mosaic	26.06	30.89	28.85	23.87	19.37	(4.83)	2.04
Generations I	17.16	20.30	18.91	15.62	12.64	(3.14)	1.39
Generations II	15.57	18.49	17.31	14.35	11.66	(2.92)	1.18
Generations Core	17.10	20.19	18.77	15.46	12.49	(3.09)	1.42
75/75 guarantee policy	24.14	28.49	26.50	21.83	17.63	(4.35)	1.99
75/100 guarantee policy	23.44	27.73	25.85	21.34	17.27	(4.29)	1.88
100/100 guarantee policy	22.24	26.42	24.72	20.49	16.66	(4.18)	1.70
PS1 75/75 guarantee policy	20.07	23.58	21.83	17.90	14.39	(3.51)	1.75
PS1 75/100 guarantee policy	19.61	23.09	21.42	17.60	14.18	(3.48)	1.67
PS1 100/100 guarantee policy	18.82	22.24	20.71	17.09	13.82	(3.42)	1.53
PS2 75/75 guarantee policy	25.71	29.51	26.69	21.38	16.80	(3.80)	2.82
PS2 75/100 guarantee policy	25.69	29.49	26.67	21.37	16.79	(3.80)	2.82
PS2 100/100 guarantee policy	25.69	29.49	26.67	21.37	16.79	(3.80)	2.82
PS 75/75 guarantee policy	12.25	14.30	13.15	10.71	—	(2.05)	1.15
PS 75/100 guarantee policy	12.13	14.19	13.07	10.67	—	(2.06)	1.12
PPS 75/75 guarantee policy	12.50	14.53	13.30	—	—	(2.03)	1.23
PPS 75/100 guarantee policy	12.38	14.41	13.22	10.75	8.57	(2.03)	1.19
PPS 100/100 guarantee policy	12.17	14.22	13.10	—	—	(2.05)	1.12

Mid Cap Canada Fund S-346G

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Mid Cap Canada Fund S-346G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Mid Cap Canada Fund S-346G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Mid Cap Canada Fund S-346G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) **Stocks**

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

d) **Cash, Short-term Deposits and Overdrafts**

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Mid Cap Canada Fund S-346G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Mid Cap Canada Fund S-346G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Mid Cap Canada Fund S-346G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Mid Cap Canada Fund S-346G

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

Portfolio units are those units owned by the Asset Allocation Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Mid Cap Canada Fund S-346G

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Mid Cap Canada Fund S-346G

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
Generations/Mosaic	3.24	3.22	3.22	3.23	3.25
Generations I	3.02	3.00	3.00	3.01	3.05
Generations II	3.43	3.42	3.43	3.43	3.46
Generations Core	2.79	2.78	2.78	2.79	2.83
75/75 guarantee policy	2.78	2.77	2.77	2.78	2.82
75/100 guarantee policy	3.00	2.99	2.99	3.00	3.04
100/100 guarantee policy	3.43	3.42	3.42	3.43	3.46
PS1 75/75 guarantee policy	2.32	2.31	2.32	2.32	2.34
PS1 75/100 guarantee policy	2.55	2.53	2.53	2.54	2.56
PS1 100/100 guarantee policy	2.94	2.93	2.93	2.92	2.94
PS 75/75 guarantee policy	1.67	1.67	1.67	1.68	—
PS 75/100 guarantee policy	1.89	1.89	1.89	1.88	—
PPS 75/75 guarantee policy	1.22	1.21	1.22	—	—
PPS 75/100 guarantee policy	1.43	1.43	1.43	1.42	1.44
PPS 100/100 guarantee policy	1.83	1.81	1.83	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	37.48	31.83	35.74	32.02	35.00

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
CANADIAN EQUITY VALUE FUND S-347C

December 31, 2022

Independent Auditor's Report

To the Contractholders of Canadian Equity Value Fund S-347C (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Canadian Equity Value Fund S-347C

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 58	\$ 536
Investment income due and accrued	18	60
Due from The Canada Life Assurance Company (note 7)	—	23
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	—	—
Stocks	9,683	27,948
Investment fund units	—	—
Total investments	9,683	27,948
Total assets	\$ 9,759	\$ 28,567
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	3	—
Due to brokers	2	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	5	—
Net assets attributable to contractholders	\$ 9,754	\$ 28,567

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ 530	\$ 4,804
Miscellaneous income (loss)	3	11
Total income (loss)	533	4,815
Expenses		
Management fees (note 7)	187	179
Transaction costs	14	12
Withholding taxes	—	—
Other	21	20
Total expenses	222	211
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 311	\$ 4,604

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 28,567	\$ 9,557
Contractholder deposits	2,159	16,714
Contractholder withdrawals	(21,283)	(2,308)
Increase (decrease) in net assets from operations attributable to contractholders	311	4,604
Change in net assets attributable to contractholders	(18,813)	19,010
Net assets attributable to contractholders - end of year	\$ 9,754	\$ 28,567

Canadian Equity Value Fund S-347C

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 311	\$ 4,604
Adjustments		
Realized (gains) losses	(3,488)	(485)
Unrealized (gains) losses	3,450	(3,614)
Gross proceeds of disposition of investments	37,830	6,818
Gross payments for the purchase of investments	(19,527)	(21,242)
Change in investment income due and accrued	42	(40)
Change in due from/to The Canada Life Assurance Company	26	(16)
Change in due from/to brokers	2	—
Change in due from/to outside parties	—	—
	<u>18,646</u>	<u>(13,975)</u>
Financing Activities		
Contractholder deposits	2,159	16,714
Contractholder withdrawals	(21,283)	(2,308)
	<u>(19,124)</u>	<u>14,406</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(478)	431
Cash, short-term deposits and overdrafts, beginning of year	536	105
Cash, short-term deposits and overdrafts, end of year	\$ 58	\$ 536
Supplementary cash flow information		
Dividend income received	\$ 534	\$ 665

Canadian Equity Value Fund S-347C

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock			
Communication Services			
Rogers Communications Inc. Class B non-voting	1,119	65	71
TELUS Corp.	4,969	133	130
TELUS International Inc.	2,150	77	57
Consumer Discretionary			
Canadian Tire Corp. Ltd. Class A non-voting	891	153	126
Dollarama Inc.	1,601	86	127
Gildan Activewear Inc.	2,530	100	94
Linamar Corp.	2,133	144	131
Sleep Country Canada Holdings Inc.	3,864	116	89
Consumer Staples			
Alimentation Couche-Tard Inc.	4,405	175	262
Empire Co. Ltd. Class A non-voting	5,007	182	179
Loblaw Companies Ltd.	1,675	113	201
Saputo Inc.	3,160	96	106
Energy			
Canadian Natural Resources Ltd.	5,369	222	403
Cenovus Energy Inc.	3,972	46	104
Enbridge Inc.	3,866	178	205
Suncor Energy Inc.	6,201	210	266
TC Energy Corp.	3,363	200	182
Tourmaline Oil Corp.	1,947	55	133
Exchange Traded Funds			
Mackenzie US Large Cap Index ETF *	2,724	401	400
Financials			
Bank of Montreal	2,977	345	365
Brookfield Asset Management Inc. Class A	991	37	38
Brookfield Corp.	4,019	169	171
Canadian Western Bank	2,724	91	66
Definity Financial Corp.	1,164	27	45
ECN Capital Corp.	14,070	58	39

*The issuer of this security is a related company to the issuer of the Fund.

Canadian Equity Value Fund S-347C

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock (continued)			
Financials (continued)			
iA Financial Corp. Inc.	2,171	135	172
Intact Financial Corp.	857	126	167
Manulife Financial Corp.	7,562	178	183
Onex Corp. sub. voting	1,223	101	80
Royal Bank of Canada	5,357	587	681
Sun Life Financial Inc.	3,788	239	238
The Bank of Nova Scotia	3,867	282	257
The Toronto-Dominion Bank	7,130	531	624
Health Care			
DRI Healthcare Trust	5,706	53	45
Jamieson Wellness Inc.	1,392	52	49
Industrials			
Bombardier Inc. Class B sub. voting	994	32	52
CAE Inc.	3,892	139	102
Canadian National Railway Co.	2,334	308	374
Canadian Pacific Railway Ltd.	3,670	295	369
SNC-Lavalin Group Inc.	3,001	91	72
Stantec Inc.	751	36	49
Transcontinental Inc. Class A sub. voting	3,573	72	55
WSP Global Inc.	559	71	88
Information Technology			
CGI Group Inc. Class A sub. voting	2,112	206	246
Open Text Corp.	2,070	110	83
Shopify Inc.	910	60	43
Materials			
Agnico Eagle Mines Ltd.	2,566	199	181
Barrick Gold Corp.	4,503	113	105
Cascades Inc.	2,730	41	23
CCL Industries Inc. Class B non-voting	3,485	215	202
Kinross Gold Corp.	12,996	108	72
Nutrien Ltd.	1,792	116	177
Sabina Gold & Silver Corp.	16,238	31	22
SSR Mining Inc.	1,975	40	42

Canadian Equity Value Fund S-347C

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock (continued)			
Materials (continued)			
Teck Resources Ltd. Class B	2,171	60	111
Real Estate			
Allied Properties REIT	2,615	101	67
Boardwalk REIT	3,431	129	170
CT REIT	3,366	54	52
Dream Office REIT	2,847	60	43
Utilities			
Capital Power Corp.	2,049	75	95
Fortis Inc.	1,285	67	70
Northland Power Inc.	4,183	155	155
TransAlta Corp.	6,355	70	77
Total Canadian Common Stock		8,817	9,683
Total Stocks		8,817	9,683
Transaction Costs (note 2)		(4)	
Total Investments		8,813	9,683

Canadian Equity Value Fund S-347C

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Canadian Equity Value Fund S-347C (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

Canadian Equity Value Fund S-347C

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2022 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2022

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ —	\$ 3	\$ 3	\$ —
Total	\$ —	\$ 3	\$ 3	\$ —
As Percent of Net Assets Attributable to Contractholders				—%

*Includes both monetary and non-monetary instruments

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ —	\$ 2	\$ 2	\$ —
Total	\$ —	\$ 2	\$ 2	\$ —
As Percent of Net Assets Attributable to Contractholders				—%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2022, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$97 (\$279 at December 31, 2021) or approximately 1.0% (1.0% at December 31, 2021) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

Canadian Equity Value Fund S-347C

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

<u>Assets measured at fair value</u>	2022			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 9,683	\$ —	\$ —	\$ 9,683
Total assets measured at fair value	\$ 9,683	\$ —	\$ —	\$ 9,683

<u>Assets measured at fair value</u>	2021			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 27,948	\$ —	\$ —	\$ 27,948
Total assets measured at fair value	\$ 27,948	\$ —	\$ —	\$ 27,948

There were no significant transfers between Level 1 and Level 2 during 2022 or 2021.

Canadian Equity Value Fund S-347C

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Generations/Mosaic	139,736	145,909	141,419	165,618	195,431	2,952	3,209	2,512	3,068	3,139
Generations I	28,276	33,359	38,368	44,324	53,541	396	486	451	542	567
Generations II	5,251	5,430	9,031	9,040	14,521	66	71	96	100	140
Generations Core	11,556	12,393	12,031	12,215	13,490	156	174	136	143	137
75/75 guarantee policy	13,150	13,844	13,113	15,476	10,022	201	219	167	205	115
75/100 guarantee policy	94,683	114,642	141,095	180,032	156,686	1,418	1,784	1,771	2,353	1,773
100/100 guarantee policy	12,434	12,645	12,853	31,304	12,607	178	189	155	395	138
PS1 75/75 guarantee policy	13,650	13,236	13,997	14,129	26,356	244	244	207	216	347
PS1 75/100 guarantee policy	73,269	65,251	61,987	62,298	70,080	1,281	1,181	901	939	911
PS1 100/100 guarantee policy	—	—	—	1,785	—	—	—	—	26	—
PS2 75/75 guarantee policy	2,494	2,546	2,599	2,657	34,610	57	58	47	48	530
PS2 75/100 guarantee policy	2,617	2,688	8,304	11,422	11,770	59	62	149	208	180
PS2 100/100 guarantee policy	1,353	1,404	1,457	1,515	1,573	31	32	26	28	24

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
Generations/Mosaic	21.13	21.99	17.76	18.53	16.06	(0.86)	4.23
Generations I	14.01	14.56	11.74	12.23	10.59	(0.55)	2.82
Generations II	12.57	13.11	10.61	11.09	9.63	(0.54)	2.50
Generations Core	13.51	14.01	11.28	11.73	10.13	(0.50)	2.73
75/75 guarantee policy	15.26	15.84	12.75	13.25	11.45	(0.58)	3.09
75/100 guarantee policy	14.98	15.57	12.55	13.07	11.31	(0.59)	3.02
100/100 guarantee policy	14.30	14.92	12.08	12.62	10.96	(0.62)	2.84
PS1 75/75 guarantee policy	17.88	18.46	14.79	15.31	13.17	(0.58)	3.67
PS1 75/100 guarantee policy	17.49	18.10	14.54	15.07	13.00	(0.61)	3.56
PS1 100/100 guarantee policy	—	—	—	14.68	—	—	—
PS2 75/75 guarantee policy	22.72	22.95	17.98	18.20	15.31	(0.23)	4.97
PS2 75/100 guarantee policy	22.73	22.96	17.99	18.21	15.32	(0.23)	4.97
PS2 100/100 guarantee policy	22.73	22.96	17.99	18.20	15.31	(0.23)	4.97

Canadian Equity Value Fund S-347C

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Canadian Equity Value Fund S-347C

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Canadian Equity Value Fund S-347C

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Canadian Equity Value Fund S-347C

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) **Stocks**

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

d) **Cash, Short-term Deposits and Overdrafts**

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Canadian Equity Value Fund S-347C

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Canadian Equity Value Fund S-347C

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Canadian Equity Value Fund S-347C

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Canadian Equity Value Fund S-347C

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

Portfolio units are those units owned by the Asset Allocation Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Canadian Equity Value Fund S-347C

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Canadian Equity Value Fund S-347C

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
Generations/Mosaic	3.02	3.02	3.02	3.02	3.03
Generations I	2.85	2.85	2.85	2.88	2.92
Generations II	3.22	3.24	3.21	3.23	3.25
Generations Core	2.69	2.68	2.68	2.69	2.75
75/75 guarantee policy	2.69	2.68	2.68	2.68	2.74
75/100 guarantee policy	2.86	2.86	2.85	2.88	2.91
100/100 guarantee policy	3.22	3.22	3.24	3.22	3.25
PS1 75/75 guarantee policy	2.22	2.22	2.22	2.25	2.29
PS1 75/100 guarantee policy	2.44	2.44	2.44	2.47	2.51
PS1 100/100 guarantee policy	—	—	—	2.80	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	113.22	31.96	50.20	20.42	57.49

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
CANADIAN RESOURCE FUND S-348MF

December 31, 2022

Independent Auditor's Report

To the Contractholders of Canadian Resource Fund S-348MF (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Canadian Resource Fund S-348MF

(in Canadian \$ thousands)

Fund Manager: Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 395	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	138	—
Due from brokers	—	24
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	144,636	95,866
Total investments	144,636	95,866
Total assets	\$ 145,169	\$ 95,890
Liabilities		
Overdrafts	\$ —	\$ 8
Due to The Canada Life Assurance Company (note 8)	—	69
Due to brokers	316	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	316	77
Net assets attributable to contractholders	\$ 144,853	\$ 95,813

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ 19,370	\$ 28,964
Miscellaneous income (loss)	—	—
Total income (loss)	19,370	28,964
Expenses		
Management fees (note 8)	3,290	1,886
Other	328	197
Total expenses	3,618	2,083
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 15,752	\$ 26,881

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 95,813	\$ 53,739
Contractholder deposits	57,074	28,087
Contractholder withdrawals	(23,786)	(12,894)
Increase (decrease) in net assets from operations attributable to contractholders	15,752	26,881
Change in net assets attributable to contractholders	49,040	42,074
Net assets attributable to contractholders - end of year	\$ 144,853	\$ 95,813

Canadian Resource Fund S-348MF

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 15,752	\$ 26,881
Adjustments		
Realized (gains) losses	(6,003)	(1,890)
Unrealized (gains) losses	(6,726)	(24,347)
Gross proceeds of disposition of investments	30,737	85,395
Gross payments for the purchase of investments	(60,137)	(98,528)
Distribution income of underlying mutual fund	(6,641)	(2,727)
Change in due from/to The Canada Life Assurance Company	(207)	45
Change in due from/to brokers	340	27
	<u>(32,885)</u>	<u>(15,144)</u>
Financing Activities		
Contractholder deposits	57,074	28,087
Contractholder withdrawals	(23,786)	(12,894)
	<u>33,288</u>	<u>15,193</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	403	49
Cash, short-term deposits and overdrafts, beginning of year	(8)	(57)
Cash, short-term deposits and overdrafts, end of year	\$ 395	\$ (8)

Canadian Resource Fund S-348MF

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Canada Life Global Resources Fund Series S *	5,192,066	117,399	144,636
Total Investments		117,399	144,636

Top 25 Holdings

Security Description	% of Total
TotalEnergies SE ADR	4.74%
Shell PLC Class A ADR	4.73%
Tourmaline Oil Corp.	4.17%
ARC Resources Ltd.	4.07%
Advantage Energy Ltd.	3.63%
Cash and short-term deposits	3.34%
Buried Hill Energy Public Co. Ltd. Private Placement	2.42%
Vale SA ADR	2.40%
Canadian Natural Resources Ltd.	2.29%
First Quantum Minerals Ltd.	2.24%
Stelco Holdings Inc.	2.01%
Gold Fields Ltd. ADR	1.96%
SSR Mining Inc.	1.92%
Nutrien Ltd.	1.90%
Secure Energy Services Inc.	1.90%
West Fraser Timber Co. Ltd.	1.90%
Agnico Eagle Mines Ltd.	1.86%
The Williams Companies Inc.	1.82%
AngloGold Ashanti Ltd. ADR	1.81%
Champion Iron Ltd.	1.71%
Brazil Potash Corp. Private Placement	1.66%
Parex Resources Inc.	1.59%
Petroleo Brasileiro SA ADR	1.58%
PDC Energy Inc.	1.57%
Alcoa Corp.	1.56%

*The issuer of this security is a related company to the issuer of the Fund.

Canadian Resource Fund S-348MF

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 4 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Generations/Mosaic	918,074	947,136	925,445	1,081,507	1,371,844	22,734	20,253	13,658	15,616	18,446
Generations I	225,045	214,511	268,200	347,177	446,252	2,810	2,308	1,987	2,512	3,000
Generations II	371,160	447,067	633,780	821,549	970,379	3,544	3,692	3,618	4,596	5,064
Generations Core	237,299	322,720	415,048	454,300	614,231	2,481	2,901	2,564	2,734	3,427
75/75 guarantee policy	1,042,473	727,632	720,587	526,630	583,120	15,718	9,432	6,418	4,571	4,692
75/100 guarantee policy	1,634,130	1,104,060	856,644	884,321	1,269,925	23,898	13,912	7,433	7,491	9,996
100/100 guarantee policy	351,127	266,714	213,527	314,118	406,833	4,879	3,206	1,774	2,558	3,090
PS1 75/75 guarantee policy	665,800	364,515	197,294	132,452	143,953	9,257	4,338	1,606	1,045	1,048
PS1 75/100 guarantee policy	2,539,980	1,226,225	402,964	285,097	506,552	34,365	14,228	3,207	2,205	3,625
PS1 100/100 guarantee policy	478,558	313,651	71,037	70,154	77,722	6,136	3,464	541	522	537
PS2 75/75 guarantee policy	212,610	56,466	27,768	16,033	16,391	3,886	860	282	154	141
PS2 75/100 guarantee policy	157,811	91,817	35,545	32,124	40,064	2,888	1,401	361	308	346
PS2 100/100 guarantee policy	167,984	147,947	62,283	78,761	81,299	3,070	2,254	632	755	701
PS 75/75 guarantee policy	14,880	11,262	3,144	715	—	208	134	25	6	—
PS 75/100 guarantee policy	72,040	55,473	11,408	8,912	—	998	655	92	69	—
PS 100/100 guarantee policy	—	—	—	1,462	—	—	—	—	11	—
PPS 75/75 guarantee policy	23,650	12,312	1,135	808	—	338	149	9	6	—
PPS 75/100 guarantee policy	62,555	18,994	3,734	2,729	—	884	228	30	21	—
PPS 100/100 guarantee policy	7,827	—	—	—	—	106	—	—	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
Generations/Mosaic	24.76	21.38	14.76	14.44	13.45	3.38	6.62
Generations I	12.49	10.76	7.41	7.23	6.72	1.73	3.35
Generations II	9.55	8.26	5.71	5.59	5.22	1.29	2.55
Generations Core	10.46	8.99	6.18	6.02	5.58	1.47	2.81
75/75 guarantee policy	15.08	12.96	8.91	8.68	8.05	2.12	4.05
75/100 guarantee policy	14.62	12.60	8.68	8.47	7.87	2.02	3.92
100/100 guarantee policy	13.90	12.02	8.31	8.14	7.60	1.88	3.71
PS1 75/75 guarantee policy	13.90	11.90	8.14	7.89	7.28	2.00	3.76
PS1 75/100 guarantee policy	13.53	11.60	7.96	7.74	7.16	1.93	3.64
PS1 100/100 guarantee policy	12.82	11.04	7.61	7.43	6.91	1.78	3.43
PS2 75/75 guarantee policy	18.28	15.24	10.15	9.59	8.62	3.04	5.09
PS2 75/100 guarantee policy	18.30	15.26	10.16	9.60	8.63	3.04	5.10
PS2 100/100 guarantee policy	18.28	15.24	10.15	9.59	8.62	3.04	5.09
PS 75/75 guarantee policy	13.99	11.90	8.09	7.79	—	2.09	3.81
PS 75/100 guarantee policy	13.85	11.81	8.04	7.77	—	2.04	3.77
PS 100/100 guarantee policy	—	—	—	7.72	—	—	—
PPS 75/75 guarantee policy	14.30	12.10	8.19	7.85	—	2.20	3.91
PPS 75/100 guarantee policy	14.13	11.99	8.13	7.82	—	2.14	3.86
PPS 100/100 guarantee policy	13.59	—	—	—	—	2.02	—

Canadian Resource Fund S-348MF

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Canadian Resource Fund S-348MF (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Canadian Resource Fund S-348MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Canadian Resource Fund S-348MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Canadian Resource Fund S-348MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

Canadian Resource Fund S-348MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

Canadian Resource Fund S-348MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Canadian Resource Fund S-348MF

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

Canadian Resource Fund S-348MF

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Portfolio units are those units owned by the Asset Allocation Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Canadian Resource Fund S-348MF

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Canadian Resource Fund S-348MF

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Canadian Resource Fund S-348MF

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
Generations/Mosaic	3.52	3.52	3.53	3.51	3.52
Generations I	3.30	3.31	3.31	3.29	3.30
Generations II	3.69	3.69	3.69	3.67	3.68
Generations Core	3.09	3.09	3.08	3.07	3.08
75/75 guarantee policy	3.09	3.08	3.08	3.07	3.09
75/100 guarantee policy	3.31	3.30	3.30	3.29	3.30
100/100 guarantee policy	3.70	3.68	3.69	3.68	3.68
PS1 75/75 guarantee policy	2.63	2.61	2.58	2.58	2.60
PS1 75/100 guarantee policy	2.84	2.91	2.85	2.85	2.86
PS1 100/100 guarantee policy	3.27	3.40	3.35	3.35	3.34
PS 75/75 guarantee policy	1.98	1.97	1.97	1.97	—
PS 75/100 guarantee policy	2.20	2.21	2.20	2.18	—
PS 100/100 guarantee policy	—	—	—	2.57	—
PPS 75/75 guarantee policy	1.52	1.53	1.48	1.48	—
PPS 75/100 guarantee policy	1.74	1.80	1.76	1.75	—
PPS 100/100 guarantee policy	2.17	—	—	—	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
PS1 75/75 guarantee policy	2.63	2.61	2.62	2.61	2.63
PS1 75/100 guarantee policy	2.84	2.91	2.89	2.88	2.89
PS1 100/100 guarantee policy	3.27	3.40	3.39	3.38	3.37
PPS 75/75 guarantee policy	1.52	1.53	1.52	1.51	—
PPS 75/100 guarantee policy	1.74	1.80	1.80	1.78	—

Portfolio Turnover Rate (%) ⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	22.86	110.65	15.75	4.07	7.84

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
REAL ESTATE FUND (GWLRA) SF353

December 31, 2022

Independent Auditor's Report

To the Contractholders of Real Estate Fund (GWLRA) SF353 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Real Estate Fund (GWLRA) SF353

(in Canadian \$ thousands)

Fund Manager: GWL Realty Advisors Inc.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 270	\$ 387
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	208	316
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	625,972	514,550
Total investments	625,972	514,550
Total assets	\$ 626,450	\$ 515,253
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 626,450	\$ 515,253

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ 38,251	\$ 48,754
Miscellaneous income (loss)	—	—
Total income (loss)	38,251	48,754
Expenses		
Management fees (note 8)	8,614	6,781
Other	823	622
Total expenses	9,437	7,403
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 28,814	\$ 41,351

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year		
	\$ 515,253	\$ 442,048
Contractholder deposits	158,115	94,893
Contractholder withdrawals	(75,732)	(63,039)
Increase (decrease) in net assets from operations attributable to contractholders	28,814	41,351
Change in net assets attributable to contractholders	111,197	73,205
Net assets attributable to contractholders - end of year	\$ 626,450	\$ 515,253

Real Estate Fund (GWLRA) SF353

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 28,814	\$ 41,351
Adjustments		
Realized (gains) losses	(10,461)	(29,642)
Unrealized (gains) losses	(27,790)	(19,112)
Gross proceeds of disposition of investments	27,372	74,583
Gross payments for the purchase of investments	(100,543)	(98,365)
Change in due from/to The Canada Life Assurance Company	108	(311)
Change in due from/to brokers	—	—
	<u>(82,500)</u>	<u>(31,496)</u>
Financing Activities		
Contractholder deposits	158,115	94,893
Contractholder withdrawals	(75,732)	(63,039)
	<u>82,383</u>	<u>31,854</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(117)	358
Cash, short-term deposits and overdrafts, beginning of year	<u>387</u>	<u>29</u>
Cash, short-term deposits and overdrafts, end of year	<u>\$ 270</u>	<u>\$ 387</u>

Real Estate Fund (GWLRA) SF353

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Canadian Real Estate Investment Fund No. 1 Category AC *	1,514,718	402,765	625,972
Total Investments		402,765	625,972

Top 25 Holdings

Security Description	% of Total
Laird Business Park	5.21%
Cash and short-term deposits	4.88%
Livmore High Park	4.28%
High Park Village - West Tower	3.97%
Grenadier Square	3.39%
33 Yonge St.	2.81%
Lillian Redpath Towers	2.74%
5140 Yonge St.	2.67%
5150 - 5160 Yonge St.	2.58%
200 Kent St.	2.55%
Bayview Village	2.47%
6301, 6315, 6325 106 Ave. SE	2.36%
1 Adelaide St.	2.34%
Erin Mills Portfolio	2.26%
Goreway Business Park	2.22%
50 Prince Arthur Ave.	2.20%
8350 Lawson Rd.	2.14%
Ridgeway Business Park	2.12%
6 Silver Maple Court	1.95%
4 King Street West	1.89%
2200 Trans-Canada Highway	1.84%
Vancouver Centre	1.76%
Robson Court	1.75%
1350 Rene-Levesque Tower 1	1.69%
320 McRae Ave.	1.69%

*The issuer of this security is a related company to the issuer of the Fund.

Real Estate Fund (GWLRA) SF353

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units, as described in note 4 and seed money units, as described in note 8 c), are allocated to each category and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Generations/Mosaic	1,385,077	1,546,649	2,071,310	2,238,328	3,146,521	32,418	34,905	43,316	47,192	62,857
Generations I	497,407	598,112	1,179,841	1,275,988	1,435,048	11,274	13,042	23,785	25,876	27,511
Generations II	152,128	177,546	284,729	336,853	363,312	2,638	2,975	4,430	5,295	5,422
Generations Core	401,108	449,100	585,400	702,822	804,290	7,586	8,163	9,827	11,857	12,815
75/75 guarantee policy	4,040,394	2,784,172	2,971,107	2,352,873	1,948,038	79,245	52,482	51,727	41,172	32,193
75/100 guarantee policy	3,519,747	2,801,976	3,371,534	2,883,816	2,530,841	67,632	51,796	57,620	49,578	41,132
100/100 guarantee policy	455,886	403,484	489,060	540,288	559,006	8,283	7,084	7,973	8,899	8,742
PS1 75/75 guarantee policy	2,982,993	1,965,104	1,860,944	1,467,518	1,106,816	50,471	31,810	27,697	21,851	15,493
PS1 75/100 guarantee policy	3,989,228	2,924,875	2,678,657	2,230,067	1,377,400	66,317	46,596	39,299	32,785	19,069
PS1 100/100 guarantee policy	307,662	278,119	286,291	280,843	268,439	4,911	4,271	4,064	4,010	3,623
PS2 75/75 guarantee policy	1,423,428	672,407	263,650	214,751	135,246	31,619	13,928	4,894	3,887	2,243
PS2 75/100 guarantee policy	744,195	600,595	603,578	575,167	420,629	16,537	12,445	11,208	10,415	6,980
PS2 100/100 guarantee policy	46,697	45,463	49,754	55,776	47,532	1,037	942	923	1,009	788
PS 75/75 guarantee policy	500,061	298,665	183,220	41,570	8,115	6,359	3,610	2,023	456	83
PS 75/100 guarantee policy	436,789	283,718	125,107	79,454	652	5,528	3,417	1,378	871	7
PS 100/100 guarantee policy	—	—	3,084	10,788	—	—	—	34	117	—
PPS 75/75 guarantee policy	918,396	509,675	206,670	141,675	—	11,915	6,257	2,308	1,565	—
PPS 75/100 guarantee policy	651,930	434,634	175,012	120,841	18,717	8,395	5,305	1,946	1,332	192
PPS 100/100 guarantee policy	—	—	33,684	35,789	40,385	—	—	371	392	414

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
Generations/Mosaic	23.40	22.57	20.91	21.08	19.98	0.83	1.66
Generations I	22.67	21.81	20.16	20.28	19.17	0.86	1.65
Generations II	17.34	16.75	15.56	15.72	14.92	0.59	1.19
Generations Core	18.91	18.18	16.79	16.87	15.93	0.73	1.39
75/75 guarantee policy	19.61	18.85	17.41	17.50	16.53	0.76	1.44
75/100 guarantee policy	19.22	18.49	17.09	17.19	16.25	0.73	1.40
100/100 guarantee policy	18.17	17.56	16.30	16.47	15.64	0.61	1.26
PS1 75/75 guarantee policy	16.92	16.19	14.88	14.89	14.00	0.73	1.31
PS1 75/100 guarantee policy	16.62	15.93	14.67	14.70	13.84	0.69	1.26
PS1 100/100 guarantee policy	15.96	15.36	14.20	14.28	13.50	0.60	1.16
PS2 75/75 guarantee policy	22.21	20.71	18.56	18.10	16.59	1.50	2.15
PS2 75/100 guarantee policy	22.22	20.72	18.57	18.11	16.59	1.50	2.15
PS2 100/100 guarantee policy	22.21	20.71	18.56	18.10	16.58	1.50	2.15
PS 75/75 guarantee policy	12.72	12.09	11.04	10.97	10.25	0.63	1.05
PS 75/100 guarantee policy	12.66	12.04	11.01	10.96	10.25	0.62	1.03
PS 100/100 guarantee policy	—	—	10.90	10.89	—	—	—
PPS 75/75 guarantee policy	12.97	12.28	11.17	11.05	—	0.69	1.11
PPS 75/100 guarantee policy	12.88	12.21	11.12	11.02	10.27	0.67	1.09
PPS 100/100 guarantee policy	—	—	11.01	10.96	10.25	—	—

Real Estate Fund (GWLRA) SF353

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Real Estate Fund (GWLRA) SF353 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Real Estate Fund (GWLRA) SF353

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Real Estate Fund (GWLRA) SF353

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Real Estate Fund (GWLRA) SF353

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

Real Estate Fund (GWLRA) SF353

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

Real Estate Fund (GWLRA) SF353

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Due to/from outside parties mainly consists of net operating and commodity tax balances due to outside parties related to the ongoing operations of the Fund's Real Estate investments.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Real Estate Fund (GWLRA) SF353

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying segregated funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

Real Estate Fund (GWLRA) SF353

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Portfolio units are those units owned by the Asset Allocation Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Real Estate Fund (GWLRA) SF353

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland
GWL Realty Advisors Inc.	Wholly-owned subsidiary of the Company	Canada

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) As at December 31, 2022, the Company held an investment in the Fund with a value of \$3,076 (\$2,957 at December 31, 2021).
- d) The Fund invests in assets or underlying funds managed by GWL Realty Advisors Inc. All investment transactions with the corresponding underlying funds are at quoted market prices.

Real Estate Fund (GWLRA) SF353

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Real Estate Fund (GWLRA) SF353

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification. All Investment Fund Units held by the Fund are classified as Level 2. The Fund's investment in the real estate fund: "Canadian Real Estate Investment Fund No. 1", was classified as Level 3 due to transaction restrictions at December 31, 2020.

The following table presents additional information about the Fund's assets measured at fair value on a recurring basis and classified as Level 3:

	2022	2021
Balance, beginning of year	\$ —	\$ 442,014
Total gain (loss) included in net assets from operations attributable to contractholders	—	12,705
Purchases	—	18,728
Sales	—	(71,293)
Settlements	—	—
Transfers into Level 3	—	—
Transfers out of Level 3	—	(402,154)
Balance, end of year	\$ —	\$ —
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	\$ —	\$ —

On January 11, 2021, Canada Life lifted the temporary suspension on contributions to and transfers into its Canadian real estate investment funds, and on April 19, 2021, the temporary suspension on redemptions and transfers out was fully lifted, as confidence over the valuation of the underlying properties returned as a result of increased market activity. As a result of the lifting of these temporary suspensions, the Fund's investment in the real estate fund with a fair value of \$402,154 was transferred on April 19, 2021 from Level 3 to Level 2.

Real Estate Fund (GWLRA) SF353

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
Generations/Mosaic	3.35	3.35	3.34	3.35	3.36
Generations I	3.12	3.14	3.11	3.12	3.18
Generations II	3.56	3.57	3.55	3.56	3.61
Generations Core	3.02	3.03	3.01	3.02	3.05
75/75 guarantee policy	3.01	3.02	3.01	3.02	3.05
75/100 guarantee policy	3.11	3.12	3.11	3.12	3.17
100/100 guarantee policy	3.55	3.56	3.55	3.56	3.61
PS1 75/75 guarantee policy	2.56	2.57	2.56	2.57	2.57
PS1 75/100 guarantee policy	2.72	2.73	2.72	2.73	2.74
PS1 100/100 guarantee policy	3.11	3.11	3.10	3.12	3.12
PS 75/75 guarantee policy	1.92	1.92	1.91	1.92	1.92
PS 75/100 guarantee policy	2.02	2.02	2.02	2.01	2.02
PS 100/100 guarantee policy	—	—	2.47	2.45	—
PPS 75/75 guarantee policy	1.47	1.47	1.47	1.47	—
PPS 75/100 guarantee policy	1.63	1.63	1.63	1.63	1.63
PPS 100/100 guarantee policy	—	—	2.01	2.02	2.02

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	4.73	16.75	5.84	7.90	1.08

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
INCOME OPPORTUNITY FUND (LLIM) SF354

December 31, 2022

Independent Auditor's Report

To the Contractholders of Income Opportunity Fund (LLIM) SF354 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Income Opportunity Fund (LLIM) SF354

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 9,847	\$ 1,009
Investment income due and accrued	413	199
Due from The Canada Life Assurance Company (note 8)	218	—
Due from brokers	16	—
Due from outside parties	—	—
Investments		
Bonds	56,399	26,746
Stocks	27,101	14,430
Investment fund units	—	—
Derivatives (note 7)	25	—
Total investments	83,525	41,176
Total assets	\$ 94,019	\$ 42,384
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	4
Due to brokers	19	14
Due to outside parties	—	—
Derivatives (note 7)	—	4
Total liabilities excluding net assets attributable to contractholders	19	22
Net assets attributable to contractholders	\$ 94,000	\$ 42,362

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (2,064)	\$ 3,038
Miscellaneous income (loss)	(38)	8
Total income (loss)	(2,102)	3,046
Expenses		
Management fees (note 8)	1,018	880
Transaction costs	37	4
Withholding taxes	7	—
Other	106	82
Total expenses	1,168	966
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (3,270)	\$ 2,080

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 42,362	\$ 46,909
Contractholder deposits	61,146	887
Contractholder withdrawals	(6,238)	(7,514)
Increase (decrease) in net assets from operations attributable to contractholders	(3,270)	2,080
Change in net assets attributable to contractholders	51,638	(4,547)
Net assets attributable to contractholders - end of year	\$ 94,000	\$ 42,362

Income Opportunity Fund (LLIM) SF354

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (3,270)	\$ 2,080
Adjustments		
Add back amortization of premium (discount)	15	(31)
Realized (gains) losses	(1,604)	(1,794)
Unrealized (gains) losses	5,374	80
Gross proceeds of disposition of investments	79,265	35,620
Gross payments for the purchase of investments	(125,403)	(30,693)
Change in investment income due and accrued	(214)	17
Change in due from/to The Canada Life Assurance Company	(222)	(14)
Change in due from/to brokers	(11)	14
Change in due from/to outside parties	—	—
	<u>(46,070)</u>	<u>5,279</u>
Financing Activities		
Contractholder deposits	61,146	887
Contractholder withdrawals	(6,238)	(7,514)
	<u>54,908</u>	<u>(6,627)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	8,838	(1,348)
Cash, short-term deposits and overdrafts, beginning of year	1,009	2,357
Cash, short-term deposits and overdrafts, end of year	\$ 9,847	\$ 1,009
Supplementary cash flow information		
Interest income received	\$ 758	\$ 767
Dividend income received	679	540

Income Opportunity Fund (LLIM) SF354

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds			
Federal Government			
Canada Housing Trust No. 1 1.10% 03-15-2031	300,000	246	245
Canada Housing Trust No. 1 1.95% 12-15-2025	900,000	858	851
Government of Canada 0.25% 03-01-2026	8,000	7	7
Government of Canada 0.25% 12-01-2054 Real Return	246,000	181	207
Government of Canada 0.50% 12-01-2050 Real Return	476,000	466	471
Government of Canada 0.75% 10-01-2024	9,000	9	9
Government of Canada 1.50% 06-01-2031	2,416,000	2,345	2,096
Government of Canada 1.50% 12-01-2031	4,707,000	4,119	4,052
Government of Canada 2.00% 06-01-2032	3,236,000	2,980	2,898
Government of Canada 2.25% 12-01-2029	300,000	283	282
Total Federal Government		11,494	11,118
Provincial Government			
Ontario Power Generation Inc. 1.17% 04-22-2026	40,000	36	36
Ontario Power Generation Inc. 2.977% 09-13-2029	320,000	292	289
Ontario Power Generation Inc. 3.215% 04-08-2030	76,000	72	69
Ontario Power Generation Inc. 4.922% 07-19-2032	20,000	20	20
Province of Alberta 1.65% 06-01-2031	100,000	85	83
Province of Alberta 2.95% 06-01-2052	870,000	683	681
Province of Alberta 3.05% 12-01-2048	130,000	119	104
Province of Alberta 3.10% 06-01-2050	1,330,000	1,199	1,078
Province of Alberta 3.45% 12-01-2043	375,000	405	329
Province of British Columbia 1.55% 06-18-2031	1,076,000	968	889
Province of British Columbia 2.30% 06-18-2026	155,000	149	147
Province of British Columbia 2.85% 06-18-2025	500,000	490	486
Province of British Columbia 2.95% 06-18-2050	257,000	282	203
Province of Manitoba 2.05% 09-05-2052	586,000	396	362
Province of Manitoba 3.20% 03-05-2050	504,000	461	409
Province of Manitoba 3.80% 09-05-2053	47,000	41	43
Province of Manitoba 5.70% 03-05-2037	40,000	44	45
Province of New Brunswick 2.35% 08-14-2027	250,000	237	234
Province of Nova Scotia 4.50% 06-01-2037	75,000	83	76
Province of Ontario 1.55% 11-01-2029	329,000	305	283
Province of Ontario 3.45% 06-02-2045	10,000	11	9
Province of Ontario 3.75% 06-02-2032	100,000	100	98
Province of Ontario 3.75% 12-02-2053	3,384,000	3,191	3,104

Income Opportunity Fund (LLIM) SF354

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds (continued)			
Provincial Government (continued)			
Province of Quebec 2.85% 12-01-2053	149,000	118	114
Province of Quebec 3.25% 09-01-2032	882,000	833	828
Province of Quebec 3.50% 12-01-2045	245,000	266	216
Province of Quebec 3.50% 12-01-2048	60,000	69	53
Province of Quebec 3.65% 05-20-2032	42,000	42	41
Province of Quebec 4.25% 12-01-2043	427,000	488	422
Province of Saskatchewan 2.15% 06-02-2031	270,000	270	234
Province of Saskatchewan 2.80% 12-02-2052	51,000	52	38
Province of Saskatchewan 3.10% 06-02-2050	320,000	326	258
Total Provincial Government		12,133	11,281
Municipal Government			
Municipal Finance Authority of British Columbia 2.95% 10-14-2024	260,000	280	254
Total Municipal Government		280	254
Corporate - Non-convertible			
407 International Inc. 1.80% 05-22-2025	63,000	59	59
407 International Inc. 2.59% 05-25-2032	14,000	12	12
407 International Inc. 3.14% 03-06-2030	50,000	45	46
407 International Inc. 3.43% 06-01-2033	314,000	280	281
407 International Inc. 3.60% 05-21-2047	52,000	40	42
407 International Inc. 3.67% 03-08-2049	96,000	84	79
407 International Inc. 4.19% 04-25-2042	151,000	157	137
407 International Inc. 4.22% 02-14-2028	46,000	46	45
407 International Inc. 6.47% 07-27-2029	99,000	137	109
Aeroports de Montreal 3.36% 04-24-2047	181,000	178	142
Aeroports de Montreal 3.918% 06-12-2045	11,000	10	10
Aeroports de Montreal 6.55% 10-11-2033	37,000	44	42
AIMCo Realty Investors LP 2.195% 11-04-2026	49,000	47	45
AIMCo Realty Investors LP 2.712% 06-01-2029	197,000	174	174
Algonquin Power & Utilities Corp. 4.09% 02-17-2027	63,000	62	60
Algonquin Power Co. 2.85% 07-15-2031	37,000	37	30
Alimentation Couche-Tard Inc. 2.95% 01-25-2030 144A	50,000	56	57
AltaGas Ltd. 2.166% 03-16-2027	16,000	16	14
AltaLink LP 1.509% 09-11-2030	32,000	25	26

Income Opportunity Fund (LLIM) SF354

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
AltaLink LP 3.668% 11-06-2023	135,000	140	133
AltaLink LP 3.99% 06-30-2042	151,000	155	134
AltaLink LP 4.692% 11-28-2032	22,000	22	22
ARC Resources Ltd. 2.354% 03-10-2026	49,000	47	45
ARC Resources Ltd. 3.465% 03-10-2031	78,000	73	68
Athabasca Indigenous Midstream LP 6.069% 02-05-2042	7,000	7	7
Athene Global Funding 3.127% 03-10-2025	18,000	18	17
Bank of Montreal 1.551% 05-28-2026	113,000	105	101
Bank of Montreal 1.758% 03-10-2026	122,000	115	111
Bank of Montreal 2.077% 06-17-2030	20,000	19	18
Bank of Montreal 2.70% 09-11-2024	290,000	282	280
Bank of Montreal 3.19% 03-01-2028	247,000	235	231
Bank of Montreal 3.65% 04-01-2027	33,000	32	31
Bank of Montreal 4.30% 11-26-2025	103,000	95	95
Bank of Montreal 4.309% 06-01-2027	209,000	207	204
Bank of Montreal 4.709% 12-07-2027	132,000	132	130
Bank of Montreal 6.534% 10-27-2032	202,000	208	210
Bank of Montreal 7.325% 11-26-2082	161,000	161	161
BCI QuadReal Realty 1.056% 03-12-2024	115,000	110	110
BCI QuadReal Realty 1.073% 02-04-2026	22,000	22	20
BCI QuadReal Realty 1.747% 07-24-2030	14,000	11	11
BCI QuadReal Realty 2.551% 06-24-2026	108,000	100	100
BCIMC Realty Corp. 3.00% 03-31-2027	144,000	134	134
Bell Canada Inc. 2.20% 05-29-2028	49,000	45	43
Bell Canada Inc. 3.00% 03-17-2031	31,000	28	27
Bell Canada Inc. 4.45% 02-27-2047	100,000	86	85
Bell Canada Inc. 5.85% 11-10-2032	23,000	23	24
BMW Canada Inc. 0.99% 01-14-2025	13,000	13	12
Brookfield Infrastructure Finance ULC 2.855% 09-01-2032	19,000	18	15
Brookfield Infrastructure Finance ULC 3.41% 10-09-2029	200,000	178	179
Brookfield Infrastructure Finance ULC 4.193% 09-11-2028	97,000	92	92
Brookfield Infrastructure Finance ULC 5.616% 11-14-2027	65,000	65	66
Brookfield Renewable Energy Partners LP 3.63% 01-15-2027	320,000	306	303
Brookfield Renewable Partners ULC 4.25% 01-15-2029	101,000	115	97
Bruce Power LP 2.68% 12-21-2028	89,000	78	79
Bruce Power LP 4.00% 06-21-2030	44,000	45	41
Calgary Airport Authority 3.454% 10-07-2041	68,000	58	56

Income Opportunity Fund (LLIM) SF354

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Calgary Airport Authority 3.554% 10-07-2051	14,000	12	11
Calgary Airport Authority 3.554% 10-07-2053	15,000	12	12
Canadian Core Real Estate 3.299% 03-02-2027	38,000	36	35
Canadian Imperial Bank of Commerce 1.10% 01-19-2026	200,000	199	178
Canadian Imperial Bank of Commerce 1.96% 04-21-2031	169,000	155	150
Canadian Imperial Bank of Commerce 2.00% 04-17-2025	83,000	84	78
Canadian Imperial Bank of Commerce 2.75% 03-07-2025	371,000	357	354
Canadian Imperial Bank of Commerce 4.00% 01-28-2082	39,000	36	31
Canadian Imperial Bank of Commerce 4.20% 04-07-2032	32,000	31	30
Canadian Imperial Bank of Commerce 4.375% 10-28-2025	50,000	46	46
Canadian Imperial Bank of Commerce 4.95% 06-29-2027	160,000	162	160
Canadian Imperial Bank of Commerce 5.05% 10-07-2027	75,000	75	75
Canadian Imperial Bank of Commerce 7.15% 07-28-2082	32,000	32	31
Canadian National Railway Co. 3.00% 02-08-2029	50,000	46	46
Canadian Natural Resources Ltd. 2.50% 01-17-2028	40,000	36	36
Canadian Pacific Railway Ltd. 2.54% 02-28-2028	93,000	89	84
Canadian Pacific Railway Ltd. 3.15% 03-13-2029	103,000	94	94
Canadian Tire Corp. Ltd. 5.61% 09-04-2035	200,000	199	193
Canadian Utilities Ltd. 4.851% 06-03-2052	41,000	39	40
Canadian Western Bank 1.926% 04-16-2026	49,000	47	44
Canadian Western Bank 2.597% 09-06-2024	168,000	159	160
Canadian Western Bank 2.606% 01-30-2025	13,000	13	12
Canadian Western Bank 3.859% 04-21-2025	30,000	30	29
Canadian Western Bank 5.146% 09-02-2027	254,000	254	253
Canadian Western Bank 5.937% 12-22-2032	21,000	21	21
Capital Power Corp. 3.147% 10-01-2032	135,000	110	110
Capital Power Corp. 4.284% 09-18-2024	111,000	114	109
Capital Power Corp. 4.424% 02-08-2030	50,000	47	47
Capital Power Corp. 4.986% 01-23-2026	144,000	143	142
CCL Industries Inc. 3.864% 04-13-2028	48,000	45	45
CDP Financial Inc. 1.50% 10-19-2026	102,000	99	93
Genovus Energy Inc. 3.50% 02-07-2028	28,000	26	26
CGI Inc. 2.10% 09-18-2028	24,000	22	21
Choice Properties REIT 2.456% 11-30-2026	51,000	46	46
Choice Properties REIT 2.848% 05-21-2027	51,000	49	46
Choice Properties REIT 2.981% 03-04-2030	50,000	43	43
Choice Properties REIT 3.532% 06-11-2029	180,000	164	162

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Choice Properties REIT 6.003% 06-24-2032	16,000	16	16
Cogeco Communications Inc. 2.991% 09-22-2031	78,000	70	64
Comber Wind Financial Corp. 5.132% 11-15-2030	8,238	8	8
CPPIB Capital Inc. 1.95% 09-30-2029	94,000	83	83
CPPIB Capital Inc. 2.25% 12-01-2031	204,000	187	176
CPPIB Capital Inc. 3.00% 06-15-2028	150,000	153	143
Crombie REIT 2.686% 03-31-2028	47,000	47	41
Crombie REIT 3.133% 08-12-2031	7,000	7	6
Crombie REIT 3.211% 10-09-2030	47,000	39	39
Crombie REIT 3.917% 06-21-2027	12,000	11	11
CU Inc. 2.963% 09-07-2049	23,000	18	16
CU Inc. 4.085% 09-02-2044	61,000	59	54
CU Inc. 4.773% 09-14-2052	52,000	51	51
CU Inc. 5.556% 10-30-2037	195,000	229	206
Dollarama Inc. 5.084% 10-27-2025	50,000	50	50
Dream Industrial REIT 1.662% 12-22-2025	54,000	50	48
Dream Industrial REIT 2.057% 06-17-2027	18,000	18	16
Dream Industrial REIT 2.539% 12-07-2026	55,000	50	49
Dream Industrial REIT 3.968% 04-13-2026	7,000	7	7
Enbridge Gas Distribution Inc. 2.50% 08-05-2026	9,000	8	8
Enbridge Gas Inc. 2.35% 09-15-2031	30,000	26	25
Enbridge Gas Inc. 2.37% 08-09-2029	11,000	9	10
Enbridge Gas Inc. 3.01% 08-09-2049	30,000	23	21
Enbridge Gas Inc. 3.20% 09-15-2051	108,000	88	79
Enbridge Gas Inc. 3.65% 04-01-2050	24,000	18	19
Enbridge Gas Inc. 4.55% 08-17-2052	124,000	122	115
Enbridge Inc. 3.10% 09-21-2033	126,000	108	102
Enbridge Inc. 5.375% 09-27-2077	444,000	440	406
Enbridge Inc. 6.625% 04-12-2078	200,000	213	192
Enbridge Pipelines Inc. 4.33% 02-22-2049	20,000	21	16
Enbridge Pipelines Inc. 5.33% 04-06-2040	160,000	180	151
Energir Inc. 2.10% 04-16-2027	33,000	33	30
Energir LP 4.67% 09-27-2032	27,000	27	27
EPCOR Utilities Inc. 3.106% 07-08-2049	100,000	76	74
EPCOR Utilities Inc. 3.554% 11-27-2047	60,000	51	48
EPCOR Utilities Inc. 4.725% 09-02-2052	40,000	39	39
Equitable Bank 1.876% 11-26-2025	3,000	3	3

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Equitable Bank 3.362% 03-02-2026	16,000	16	15
Fairfax Financial Holdings Ltd. 3.95% 03-03-2031	96,000	92	84
Federation des Caisses Desjardins du Quebec 1.093% 01-21-2026	50,000	50	44
Federation des Caisses Desjardins du Quebec 1.587% 09-10-2026	120,000	108	107
Federation des Caisses Desjardins du Quebec 2.417% 10-04-2024	50,000	48	48
Federation des Caisses Desjardins du Quebec 2.856% 05-26-2030	106,000	108	99
Federation des Caisses Desjardins du Quebec 4.407% 05-19-2027	51,000	50	50
Federation des Caisses Desjardins du Quebec 5.035% 08-23-2032	84,000	83	82
Federation des Caisses Desjardins du Quebec 5.20% 10-01-2025	74,000	74	74
Fortified Trust 1.964% 10-23-2026	45,000	45	40
Fortified Trust 2.34% 01-23-2023	120,000	119	120
Fortified Trust 3.76% 06-23-2025	32,000	32	31
Fortis Inc. 4.431% 05-31-2029	76,000	76	74
Gibson Energy Inc. 3.60% 09-17-2029	68,000	62	61
Government of Canada 2.75% 08-01-2024	2,492,000	2,463	2,439
Granite REIT Holdings LP 2.194% 08-30-2028	53,000	49	45
Greater Toronto Airports Authority 2.73% 04-03-2029	60,000	56	55
Greater Toronto Airports Authority 2.75% 10-17-2039	230,000	166	174
Greater Toronto Airports Authority 3.15% 10-05-2051	90,000	71	67
Greater Toronto Airports Authority 5.30% 02-25-2041	175,000	200	184
Greater Toronto Airports Authority 6.47% 02-02-2034	262,000	336	298
Greater Toronto Airports Authority 7.05% 06-12-2030	42,000	48	48
Greater Toronto Airports Authority 7.10% 06-04-2031	42,000	49	48
H&R REIT 2.633% 02-19-2027	46,000	44	41
H&R REIT 2.906% 06-02-2026	63,000	64	57
H&R REIT 3.369% 01-30-2024	200,000	194	194
H&R REIT 3.416% 01-23-2023	100,000	100	100
H&R REIT 4.071% 06-16-2025	56,000	60	54
Home Trust Co. 5.317% 06-13-2024	21,000	21	21
Honda Canada Finance Inc. 1.337% 03-17-2026	40,000	38	36
Honda Canada Finance Inc. 1.646% 02-25-2028	60,000	57	51
HSBC Bank Canada 3.403% 03-24-2025	67,000	66	65
Hydro One Inc. 2.23% 09-17-2031	9,000	9	7
Hydro One Inc. 4.59% 10-09-2043	25,000	25	24
Hydro One Inc. 4.89% 03-13-2037	68,000	66	68
Hydro One Inc. 4.91% 01-27-2028	57,000	57	58
Hydro One Inc. 6.93% 06-01-2032	56,000	65	64

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Hydro One Inc. 7.35% 06-03-2030	83,000	95	96
Hydro One Ltd. 1.41% 10-15-2027	113,000	98	98
Intact Financial Corp. 4.125% 03-31-2081	7,000	7	6
Intact Financial Corp. 5.459% 09-22-2032	16,000	21	21
Inter Pipeline Ltd. 2.734% 04-18-2024	130,000	126	126
Inter Pipeline Ltd. 3.484% 12-16-2026	221,000	211	206
Inter Pipeline Ltd. 4.232% 06-01-2027	138,000	134	132
Inter Pipeline Ltd. 5.76% 02-17-2028	30,000	30	30
Inter Pipeline Ltd. 5.849% 05-18-2032	28,000	28	28
Interprovincial Pipe Line Ltd. 8.20% 02-15-2024	25,000	34	26
John Deere Financial Inc. 1.63% 04-09-2026	8,000	8	7
Keyera Corp. 3.959% 05-29-2030	66,000	66	60
Laurentian Bank of Canada 1.15% 06-03-2024	74,000	71	70
Laurentian Bank of Canada 1.603% 05-06-2026	7,000	7	6
Laurentian Bank of Canada 4.60% 09-02-2025	27,000	27	26
Liberty Utilities (Canada) LP 3.315% 02-14-2050	18,000	12	13
Loblaw Companies Ltd. 2.284% 05-07-2030	75,000	62	63
Loblaw Companies Ltd. 5.008% 09-13-2032	29,000	29	29
Loblaw Companies Ltd. 5.336% 09-13-2052	26,000	26	26
Lower Mattagami Energy LP 2.433% 05-14-2031	53,000	50	45
Lower Mattagami Energy LP 3.42% 06-20-2024	50,000	50	49
Lower Mattagami Energy LP 4.854% 10-31-2033	25,000	25	25
Manulife Bank of Canada 1.536% 09-14-2026	56,000	53	50
Manulife Bank of Canada 2.864% 02-16-2027	143,000	135	132
Manulife Financial Corp. 2.237% 05-12-2030	120,000	113	111
Manulife Financial Corp. 3.049% 08-20-2029	100,000	96	96
Manulife Financial Corp. 7.117% 06-19-2082	48,000	47	47
National Bank of Canada 1.534% 06-15-2026	83,000	76	74
National Bank of Canada 1.573% 08-18-2026	50,000	46	46
National Bank of Canada 2.545% 07-12-2024	160,000	154	154
National Bank of Canada 2.58% 02-03-2025	156,000	160	148
National Bank of Canada 2.983% 03-04-2024	200,000	196	195
National Bank of Canada 5.296% 11-03-2025	40,000	40	40
National Bank of Canada 5.426% 08-16-2032	104,000	103	103
NAV CANADA 2.063% 05-29-2030	30,000	30	26
North West Redwater Partnership 2.80% 06-01-2027	226,000	212	209
North West Redwater Partnership 3.20% 04-24-2026	200,000	200	190

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
North West Redwater Partnership 3.20% 07-22-2024	250,000	250	243
North West Redwater Partnership 3.70% 02-23-2043	60,000	50	48
North West Redwater Partnership/NWR Financing Co. Ltd. 2.80% 06-01-2031	244,000	215	208
Nouvelle Autoroute 30 Financement Inc. 4.114% 03-31-2042	48,906	40	42
OMERS Finance Trust 1.55% 04-21-2027	310,000	279	281
OMERS Realty Corp. 3.628% 06-05-2030	8,000	7	7
Ontario Power Generation Inc. 2.893% 04-08-2025	60,000	58	58
Ontario Teachers' Finance Trust 1.10% 10-19-2027	50,000	45	44
Ontario Teachers' Finance Trust 4.45% 06-02-2032	46,000	46	47
OPB Finance Trust 2.98% 01-25-2027	220,000	212	209
Pembina Pipeline Corp. 4.02% 03-27-2028	190,000	179	181
Pembina Pipeline Corp. 4.74% 01-21-2047	6,000	7	5
Pembina Pipeline Corp. 4.75% 03-26-2048	126,000	132	106
Pembina Pipeline Corp. 4.81% 03-25-2044	101,000	107	87
Prime Structured Mortgage Trust 1.856% 11-15-2024	23,000	23	22
Province of Quebec 4.40% 12-01-2055	1,721,000	1,762	1,783
PSP Capital Inc. 0.90% 06-15-2026	225,000	205	203
PSP Capital Inc. 2.05% 01-15-2030	14,000	14	12
PSP Capital Inc. 2.60% 03-01-2032	130,000	125	115
Reliance LP 2.67% 08-01-2028	45,000	42	39
Reliance LP 2.68% 12-01-2027	31,000	31	27
RioCan REIT 2.829% 11-08-2028	117,000	103	100
RioCan REIT 4.628% 05-01-2029	6,000	6	6
Rogers Communications Inc. 3.10% 04-15-2025	30,000	29	29
Rogers Communications Inc. 3.75% 04-15-2029	180,000	172	166
Royal Bank of Canada 2.088% 06-30-2030	140,000	141	129
Royal Bank of Canada 2.14% 11-03-2031	59,000	56	52
Royal Bank of Canada 2.328% 01-28-2027	118,000	107	107
Royal Bank of Canada 2.74% 07-25-2029	141,000	144	135
Royal Bank of Canada 2.88% 12-23-2029	60,000	57	57
Royal Bank of Canada 3.369% 09-29-2025	138,000	133	132
Royal Bank of Canada 4.50% 11-24-2080	50,000	46	46
Royal Bank of Canada 4.612% 07-26-2027	212,000	212	209
Royal Bank of Canada 5.235% 11-02-2026	77,000	77	78
Sagen MI Canada Inc. 3.261% 03-05-2031	22,000	22	18
Sagen MI Canada Inc. 4.95% 03-24-2081	15,000	15	12

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Sea To Sky Highway Investment LP 2.629% 08-31-2030	54,993	49	50
Saputo Inc. 2.876% 11-19-2024	80,000	77	77
Shaw Communications Inc. 2.90% 12-09-2030	31,000	25	26
Shaw Communications Inc. 6.75% 11-09-2039	21,000	21	22
Sienna Senior Living Inc. 2.82% 03-31-2027	8,000	8	7
Sienna Senior Living Inc. 3.45% 02-27-2026	24,000	22	22
South Coast British Columbia Transportation Authority 1.60% 07-03-2030	100,000	86	84
Spy Hill Power LP 4.14% 03-31-2036	35,643	33	33
Summit Industrial Income REIT 1.82% 04-01-2026	38,000	38	34
Summit Industrial Income REIT 2.25% 01-12-2027	34,000	31	30
Summit Industrial Income REIT 2.44% 07-14-2028	37,000	36	32
Sun Life Financial Inc. 2.06% 10-01-2035	58,000	45	46
Sun Life Financial Inc. 2.38% 08-13-2029	148,000	148	141
Sun Life Financial Inc. 2.58% 05-10-2032	151,000	155	135
Sun Life Financial Inc. 2.80% 11-21-2033	78,000	73	68
Sun Life Financial Inc. 4.78% 08-10-2034	54,000	54	52
Sun Life Financial Inc. Floating Rate 09-19-2028	260,000	262	255
Suncor Energy Inc. 3.95% 03-04-2051	66,000	55	50
TELUS Corp. 2.05% 10-07-2030	72,000	62	58
TELUS Corp. 2.35% 01-27-2028	60,000	53	53
TELUS Corp. 3.15% 02-19-2030	106,000	99	94
TELUS Corp. 3.30% 05-02-2029	76,000	76	69
TELUS Corp. 5.25% 11-15-2032	78,000	79	78
Teranet Holdings LP 3.719% 02-23-2029	74,000	72	67
The 55 School Board Trust 5.90% 06-02-2033	55,000	63	62
The Bank of Nova Scotia 1.40% 11-01-2027	50,000	43	43
The Bank of Nova Scotia 1.95% 01-10-2025	172,000	163	162
The Bank of Nova Scotia 2.95% 03-08-2027	336,000	314	311
The Bank of Nova Scotia 3.934% 05-03-2032	43,000	41	40
The Bank of Nova Scotia 5.50% 05-08-2026	201,000	204	204
The Bank of Nova Scotia 7.023% 07-27-2082	206,000	204	201
The Empire Life Insurance Co. 3.625% 04-17-2026	72,000	60	58
The Independent Order of Foresters 2.885% 10-15-2035	22,000	22	18
The Toronto-Dominion Bank 1.888% 03-08-2028	216,000	202	186
The Toronto-Dominion Bank 1.943% 03-13-2025	80,000	83	75
The Toronto-Dominion Bank 2.26% 01-07-2027	143,000	132	129
The Toronto-Dominion Bank 2.667% 09-09-2025	178,000	169	168

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
The Toronto-Dominion Bank 3.06% 01-26-2032	98,000	88	89
The Toronto-Dominion Bank 3.105% 04-22-2030	143,000	136	135
The Toronto-Dominion Bank 4.21% 06-01-2027	212,000	206	206
The Toronto-Dominion Bank 4.68% 01-08-2029	62,000	62	61
The Toronto-Dominion Bank 5.376% 10-21-2027	44,000	44	45
The Toronto-Dominion Bank 7.283% 10-31-2082	69,000	69	69
Thomson Reuters Corp. 2.239% 05-14-2025	70,000	72	66
TMX Group Ltd. 2.016% 02-12-2031	14,000	14	11
TMX Group Ltd. 2.997% 12-11-2024	120,000	117	115
TMX Group Ltd. 3.779% 06-05-2028	30,000	28	29
Toronto Hydro Corp. 2.47% 10-20-2031	16,000	16	14
Toronto-Dominion Bank 4.34% 01-27-2026	380,000	375	373
Tourmaline Oil Corp. 2.077% 01-25-2028	11,000	11	10
Tourmaline Oil Corp. 2.529% 02-12-2029	12,000	12	10
Toyota Credit Canada Inc. 1.18% 02-23-2026	98,000	90	87
TransCanada PipeLines Ltd. 3.30% 07-17-2025	51,000	55	49
TransCanada PipeLines Ltd. 3.80% 04-05-2027	278,000	285	265
TransCanada PipeLines Ltd. 4.18% 07-03-2048	4,000	4	3
TransCanada PipeLines Ltd. 5.33% 05-12-2032	32,000	32	32
TransCanada PipeLines Ltd. Floating Rate 05-18-2077	230,000	225	206
TransCanada Trust 4.20% 03-04-2081	158,000	141	126
Transcontinental Inc. 2.667% 02-03-2025	9,000	8	8
Ventas Canada Finance Ltd. 2.80% 04-12-2024	42,000	43	40
Ventas Canada Finance Ltd. 3.30% 12-01-2031	21,000	21	17
Waste Management of Canada Corp. 2.60% 09-23-2026	85,000	84	78
WSP Global Inc. 2.408% 04-19-2028	47,000	47	41
Total Corporate - Non-convertible		29,837	28,848
Mortgage Backed			
Laurentian Bank of Canada 0.878% 03-01-2026	245,000	207	192
Merrill Lynch 0.988% 03-01-2026	80,000	66	61
Scotia Capital Inc. 0.89% 09-01-2026	20,000	18	17
Total Mortgage Backed		291	270
Total Canadian Bonds		54,035	51,771

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United States Bonds			
Federal Government			
United States Treasury 2.75% 08-15-2032	442,000	537	545
United States Treasury Inflation Index 0.125% 02-15-2052 Real Return	118,000	171	110
Total Federal Government		708	655
Corporate - Non-convertible			
Amazon.com Inc. 3.95% 04-13-2052	12,000	15	14
Amazon.com Inc. 4.70% 12-01-2032	81,000	110	109
AT&T Inc. 4.85% 05-25-2047	20,000	18	17
AT&T Inc. 5.10% 11-25-2048	38,000	39	34
Athene Global Funding 2.47% 06-09-2028	20,000	18	17
Athene Global Funding Floating Rate 04-09-2024	58,000	58	58
Bank of America Corp. 1.978% 09-15-2027	48,000	44	43
Bank of America Corp. 2.598% 04-04-2029	13,000	13	11
Bank of America Corp. 3.615% 03-16-2028	121,000	116	114
Charter Communications Operating LLC 2.80% 04-01-2031	60,000	64	63
Charter Communications Operating LLC 4.50% 02-01-2024	100,000	135	134
Charter Communications Operating LLC 5.05% 03-03-2029	100,000	126	128
Exxon Mobil Corp. 2.61% 10-15-2030	60,000	70	71
Inter-American Development Bank 4.40% 01-26-2026	30,000	29	30
JPMorgan Chase & Co. 1.896% 03-05-2028	140,000	124	124
McDonald's Corp. 3.125% 03-04-2025	170,000	165	164
Morgan Stanley 3.00% 02-07-2024	290,000	283	282
Nestle Holdings Inc. 2.192% 01-26-2029	23,000	23	20
NextEra Energy Capital Holdings Inc. 1.90% 06-15-2028	16,000	19	19
NextEra Energy Capital Holdings Inc. 2.25% 06-01-2030	60,000	66	67
PayPal Holdings Inc. 2.40% 10-01-2024	100,000	131	130
PayPal Holdings Inc. 2.65% 10-01-2026	100,000	126	125
The Clorox Co. 1.80% 05-15-2030	50,000	53	54
The Goldman Sachs Group Inc. 2.013% 02-28-2028	73,000	61	62
The Goldman Sachs Group Inc. 2.599% 11-30-2027	79,000	75	71
The Goldman Sachs Group Inc. 3.307% 10-31-2025	90,000	87	87
The Walt Disney Co. 3.057% 03-30-2027	171,000	181	159
T-Mobile USA Inc. 2.25% 11-15-2031	30,000	32	32
T-Mobile USA Inc. 3.50% 04-15-2025	40,000	50	52
T-Mobile USA Inc. 3.75% 04-15-2027	120,000	151	153
T-Mobile USA Inc. 5.20% 01-15-2023	51,000	67	68

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United States Bonds (continued)			
Corporate - Non-convertible (continued)			
Ventas Realty LP 4.00% 03-01-2028	40,000	50	50
Verizon Communications Inc. 2.375% 03-22-2028	138,000	133	123
Verizon Communications Inc. 3.55% 03-22-2051	30,000	32	29
Wells Fargo & Co. 2.493% 02-18-2027	43,000	38	39
Wells Fargo & Co. 2.568% 05-01-2025	229,000	213	215
Wells Fargo & Co. 2.975% 05-19-2026	306,000	285	285
Total Corporate - Non-convertible		3,300	3,253
Total United States Bonds		4,008	3,908
Global Bonds			
Australia			
Sydney Airport Finance Co. Pty Ltd. 3.625% 04-28-2026 144A	85,000	106	108
Transurban Finance Co. Pty Ltd. 4.555% 11-14-2028	170,000	167	164
Austria			
Suzano Austria GmbH 2.50% 09-15-2028	16,000	20	18
Jersey			
Heathrow Funding Ltd. 2.694% 10-13-2027	19,000	19	17
Heathrow Funding Ltd. 3.25% 05-21-2025	190,000	182	181
Heathrow Funding Ltd. 3.726% 04-13-2033	27,000	28	23
Heathrow Funding Ltd. 3.782% 09-04-2030	100,000	91	89
Netherlands			
NXP BV/NXP Funding LLC/NXP USA Inc. 2.65% 02-15-2032	8,000	10	8
United Kingdom			
Anglian Water Services Financing PLC 4.525% 08-26-2032	23,000	23	22
BP Capital Markets PLC 3.47% 05-15-2025	60,000	59	58
National Grid Electricity Transmission PLC 2.301% 06-22-2029	38,000	38	32
Total Global Bonds		743	720
Total Bonds		58,786	56,399

Income Opportunity Fund (LLIM) SF354

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock			
Communication Services			
Cogeco Communications Inc. sub. voting	2,430	164	187
Rogers Communications Inc. Class B non-voting	831	48	53
TELUS Corp.	16,545	440	432
TELUS International Inc.	4,329	156	116
Consumer Discretionary			
Dollarama Inc.	622	50	49
Magna International Inc.	2,726	204	207
Restaurant Brands International Inc.	2,414	185	211
Consumer Staples			
Alimentation Couche-Tard Inc.	2,803	137	167
Loblaw Companies Ltd.	674	76	81
Energy			
ARC Resources Ltd.	13,075	243	239
Canadian Natural Resources Ltd.	5,924	372	445
Enbridge Inc.	8,049	414	426
Pembina Pipeline Corp.	5,275	235	242
Suncor Energy Inc.	10,398	409	447
TC Energy Corp.	7,984	488	431
Exchange Traded Funds			
iShares S&P/TSX 60 Index Fund ETF	8,070	246	239
iShares S&P/TSX Global Gold Index ETF	8,001	121	139
Mackenzie Canadian Aggregate Bond Index ETF *	10,500	951	944
Mackenzie Canadian All Corporate Bond Index ETF *	5,780	517	518
Mackenzie Emerging Markets Local Currency Bond Index ETF *	9,060	740	710
Financials			
Bank of Montreal	5,846	659	717
Brookfield Asset Management Inc. Class A	2,044	87	79
Brookfield Corp.	8,133	393	346
Intact Financial Corp.	2,689	524	524
Manulife Financial Corp.	19,963	440	482

*The issuer of this security is a related company to the issuer of the Fund.

Income Opportunity Fund (LLIM) SF354

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock (continued)			
Financials (continued)			
Royal Bank of Canada	10,366	1,167	1,321
Sun Life Financial Inc.	10,592	575	666
The Bank of Nova Scotia	5,242	366	348
The Toronto-Dominion Bank	9,342	721	820
Thomson Reuters Corp.	1,156	164	179
Industrials			
CAE Inc.	8,395	203	220
Canadian National Railway Co.	3,084	429	496
Canadian Pacific Railway Ltd.	5,390	516	544
Cargojet Inc.	701	85	82
Finning International Inc.	3,186	88	107
Information Technology			
CGI Group Inc. Class A sub. voting	2,384	255	278
Open Text Corp.	9,971	380	400
Materials			
Agnico Eagle Mines Ltd.	4,180	272	294
Barrick Gold Corp.	9,631	229	224
CCL Industries Inc. Class B non-voting	4,708	301	272
Nutrien Ltd.	3,626	336	358
Teck Resources Ltd. Class B	1,584	74	81
Real Estate			
Canadian Apartment Properties REIT	2,009	90	86
Choice Properties REIT	6,310	82	93
First Capital REIT	4,043	69	68
Utilities			
Borex Inc. Class A	1,367	53	55
Brookfield Renewable Corp.	280	12	10
Emera Inc.	2,262	115	117
Fortis Inc.	1,342	69	73
Northland Power Inc.	3,522	134	130
Total Canadian Common Stock		15,084	15,753

Income Opportunity Fund (LLIM) SF354

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock			
Communication Services			
Alphabet Inc. Class A	1,721	226	206
The Walt Disney Co.	426	61	50
Consumer Discretionary			
Amazon.com Inc.	1,269	194	144
McDonald's Corp.	371	131	132
Nike Inc. Class B	291	37	46
Starbucks Corp.	693	82	93
Consumer Staples			
Altria Group Inc.	3,151	199	195
PepsiCo Inc.	516	126	126
Philip Morris International Inc.	1,746	213	239
The Coca-Cola Co.	2,944	238	254
Energy			
Chevron Corp.	1,406	338	342
Marathon Petroleum Corp.	1,692	258	267
Schlumberger Ltd.	1,345	98	97
The Williams Companies Inc.	2,671	117	119
Financials			
Bank of America Corp.	2,719	133	122
CME Group Inc.	704	166	160
JPMorgan Chase & Co.	1,536	260	279
Moody's Corp.	130	46	49
S&P Global Inc.	345	148	156
The Blackstone Group Inc.	447	56	45
US Bancorp	2,345	135	138
Health Care			
AbbVie Inc.	1,538	319	336
Becton, Dickinson and Co.	732	229	252
Johnson & Johnson Inc.	1,361	319	325
McKesson Corp.	224	116	114
Thermo Fisher Scientific Inc.	162	114	121
UnitedHealth Group Inc.	231	169	166

Income Opportunity Fund (LLIM) SF354

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock (continued)			
Industrials			
Equifax Inc.	262	59	69
Honeywell International Inc.	641	167	186
Northrop Grumman Corp.	167	121	123
Union Pacific Corp.	628	168	176
Information Technology			
Analog Devices Inc.	421	82	93
Apple Inc.	926	189	163
Broadcom Inc.	258	163	195
L3Harris Technologies Inc.	214	73	60
Microsoft Corp.	1,180	373	383
Motorola Solutions Inc.	614	201	214
Texas Instruments Inc.	520	111	116
Visa Inc. Class A	677	188	190
Materials			
Corteva Inc.	2,712	243	216
The Sherwin-Williams Co.	213	63	68
Real Estate			
Crown Castle Inc.	657	114	121
Realty Income Corp. REIT	453	37	39
Total United States Common Stock		6,880	6,985
Global Common Stock			
Bermuda			
Brookfield Infrastructure Partners LP Partnership Units	3,626	168	152
Brookfield Reinsurance Ltd.	38	2	2
Brookfield Renewable Energy Partners LP	1,602	63	55
Denmark			
Novo Nordisk AS	1,028	152	188

Income Opportunity Fund (LLIM) SF354

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock (continued)			
France			
Air Liquide SA	691	125	133
LVMH Moet Hennessy Louis Vuitton SE	90	80	89
Pernod Ricard SA *	226	55	60
Safran SA	701	109	119
Germany			
Deutsche Boerse AG	1,081	242	253
Hannover Rueck SE	561	126	151
SAP SE	1,119	150	156
Hong Kong			
AIA Group Ltd.	7,200	76	108
Hong Kong Exchanges and Clearing Ltd.	1,400	55	82
India			
HDFC Bank Ltd. ADR	890	75	82
Ireland			
Aon Corp.	559	213	227
Linde PLC	294	117	130
Japan			
Hoya Corp.	600	80	79
Japan Exchange Group Inc.	4,500	81	88
Keyence Corp.	100	48	53
Sony Group Corp.	1,400	128	145
Jersey			
Glencore Xstrata PLC	31,858	252	288
Luxembourg			
Eurofins Scientific SE	534	47	52
Netherlands			
Heineken Holdings NV	985	90	103
Wolters Kluwer NV	1,158	170	164

*The issuer of this security is a related company to the issuer of the Fund.

Income Opportunity Fund (LLIM) SF354

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock (continued)			
Singapore			
DBS Group Holdings Ltd.	4,700	149	161
Spain			
Amadeus IT Group SA	1,906	135	134
Sweden			
Atlas Copco AB Class A	3,780	55	60
Switzerland			
Nestle SA	1,375	203	216
Roche Holding AG Genussscheine	487	220	207
Sika AG	186	59	60
Taiwan			
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	1,308	109	132
United Kingdom			
AstraZeneca PLC	870	156	160
Diageo PLC	2,365	133	141
Shell PLC	3,503	128	133
Total Global Common Stock		4,051	4,363
Total Stocks		26,015	27,101

Income Opportunity Fund (LLIM) SF354

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, contracts, shares, par value or contract price)

As at December 31, 2022

Schedule of Derivative Contracts

Futures Contracts

No. of Contracts	Average Contract Price	Futures Contracts	Maturity Date	Notional Amount	Price as at December 31	Unrealized Gain (Loss)
(35)	CAD 119.50	EURO-BOBL FUTURE 03-31-2023	March 31, 2023	EUR 4,051	CAD 115.75	21
(5)	CAD 147.88	JPN 10Y BOND (OSE) 03-31-2023	March 31, 2023	JPY 727,300	CAD 145.46	4
Derivatives - Assets						25
Total Futures Contracts						25
Total Derivative Instruments at Fair Value						25
Transaction Costs (note 2)						(13)
Total Investments						84,801
						83,525

Income Opportunity Fund (LLIM) SF354

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Income Opportunity Fund (LLIM) SF354 (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

Income Opportunity Fund (LLIM) SF354

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2022 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2022

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 9,721	\$ 779	\$ 10,500	\$ 105
Euro	1,414	(13)	1,401	14
United Kingdom Pound Sterling	722	—	722	7
Other Currencies	1,447	7	1,454	15
Total	\$ 13,304	\$ 773	\$ 14,077	\$ 141
As Percent of Net Assets Attributable to Contractholders			15.0%	0.2%

*Includes both monetary and non-monetary instruments

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 51	\$ 52	\$ 103	\$ 1
Total	\$ 51	\$ 52	\$ 103	\$ 1
As Percent of Net Assets Attributable to Contractholders			0.2%	

*Includes both monetary and non-monetary instruments

D. Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Due to the nature of short-term fixed income securities with a remaining term-to-maturity of less than one year, these investments are not generally exposed to a significant risk that their value will fluctuate in response to changes in the prevailing levels of market interest rates. The risk is professionally managed at the security and fund level by the Company.

The table below summarizes the Fund's exposure to interest rate risk by remaining term-to-maturity.

2022

	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ 421	\$ 18,295	\$ 22,133	\$ 15,550	\$ 56,399

2021

	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ 852	\$ 9,247	\$ 6,981	\$ 9,666	\$ 26,746

Income Opportunity Fund (LLIM) SF354

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

D. Interest Rate Risk (continued)

As at December 31, 2022, had prevailing interest rates increased or decreased by 1% assuming a parallel shift in the yield curve, with all other variables held constant, net assets attributable to contractholders would have decreased or increased, respectively, by approximately \$4,263 (\$1,966 at December 31, 2021) or approximately 4.5% (4.6% at December 31, 2021). The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual results may differ and the difference could be significant.

E. Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt instruments includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt instruments represents the maximum credit risk exposure as at December 31, 2022. The amount of credit risk to any one issuer may be determined from the information reported in the Schedule of Investment Portfolio. The Fund may invest in short-term fixed income securities issued or guaranteed primarily by the Government of Canada or any Canadian provincial government, obligations of Canadian chartered banks or trust companies, and commercial paper with approved credit ratings. The risk of default on these short-term fixed income securities is considered low. The Company monitors credit risk and credit ratings on a regular basis. All new counterparties to financial instruments are subject to an approval process.

There was no change in fair values of financial liabilities as a result of changes in credit risks during 2022 or 2021.

All transactions in listed securities are settled and paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Credit ratings disclosed below are obtained from independent rating agencies including DBRS, Standard & Poor's, Moody's Investors Service and Fitch Ratings. The lowest rating provided by the agencies is used.

Debt securities by credit rating are as follows:

	2022		2021	
	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)
AAA	6.0	3.6	15.4	9.7
AA	35.8	21.5	27.6	17.5
A	32.4	19.5	25.9	16.4
BBB	25.1	15.1	30.8	19.5
BB and lower	0.7	0.4	0.1	0.1
NR *	—	—	0.2	0.1
Total	100.0	60.1	100.0	63.3

*Bonds disclosed as NR are mortgage backed securities or privately placed bonds or bonds that have not been rated by a rating agency.

Income Opportunity Fund (LLIM) SF354

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

F. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2022, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$271 (\$144 at December 31, 2021) or approximately 0.3% (0.3% at December 31, 2021) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

G. Fair Value Classification

The following table presents information about the Fund's assets and liabilities measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

	2022			
	Assets and Liabilities Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Bonds	\$ —	\$ 56,399	\$ —	\$ 56,399
Stocks	27,101	—	—	27,101
Derivatives	25	—	—	25
Total assets measured at fair value	\$ 27,126	\$ 56,399	\$ —	\$ 83,525
Liabilities measured at fair value				
Derivatives ⁽¹⁾	\$ —	\$ —	\$ —	\$ —
Net assets attributable to contractholders measured at fair value	\$ 27,126	\$ 56,399	\$ —	\$ 83,525

⁽¹⁾ Excludes collateral pledged to counterparties of \$251.

	2021			
	Assets and Liabilities Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Bonds	\$ —	\$ 26,746	\$ —	\$ 26,746
Stocks	14,430	—	—	14,430
Derivatives	—	—	—	—
Total assets measured at fair value	\$ 14,430	\$ 26,746	\$ —	\$ 41,176
Liabilities measured at fair value				
Derivatives ⁽¹⁾	\$ 4	\$ —	\$ —	\$ 4
Net assets attributable to contractholders measured at fair value	\$ 14,426	\$ 26,746	\$ —	\$ 41,172

⁽¹⁾ Excludes collateral pledged to counterparties of \$91.

There were no significant transfers between Level 1 and Level 2 during 2022 or 2021.

Income Opportunity Fund (LLIM) SF354

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Generations/Mosaic	278,127	316,172	371,945	446,069	537,863	3,966	4,941	5,575	6,514	7,351
Generations I	256,364	334,509	385,889	438,840	541,743	3,819	5,431	5,976	6,584	7,567
Generations II	82,747	91,786	105,158	60,886	55,731	1,150	1,391	1,521	854	728
Generations Core	40,309	37,784	49,906	61,762	89,417	574	586	737	884	1,191
75/75 guarantee policy	648,640	274,797	345,602	422,954	492,931	9,011	4,159	4,986	5,909	6,407
75/100 guarantee policy	2,625,327	1,213,357	1,444,403	1,687,735	1,933,265	36,139	18,205	20,671	23,403	24,955
100/100 guarantee policy	99,288	87,951	103,893	113,762	144,579	1,350	1,305	1,471	1,561	1,848
PS1 75/75 guarantee policy	264,044	12,596	14,461	83,673	32,261	3,359	174	190	1,065	381
PS1 75/100 guarantee policy	1,427,145	257,893	253,102	398,807	425,043	18,050	3,549	3,316	5,054	5,005
PS1 100/100 guarantee policy	73,966	79,000	62,030	100,159	166,140	924	1,075	804	1,256	1,937
PS2 75/75 guarantee policy	20,421	—	14,210	16,781	—	321	—	222	249	—
PS2 75/100 guarantee policy	504,472	75,681	75,194	92,540	88,214	7,935	1,269	1,177	1,372	1,191
PS 75/75 guarantee policy	75,433	16,396	16,492	16,564	16,634	815	191	181	174	161
PS 75/100 guarantee policy	213,857	5,737	5,802	6,240	—	2,306	67	64	66	—
PPS 75/75 guarantee policy	151,357	—	—	—	—	1,650	—	—	—	—
PPS 75/100 guarantee policy	230,505	1,597	1,615	1,634	—	2,505	19	18	17	—
PPS 100/100 guarantee policy	11,654	—	—	—	—	126	—	—	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
Generations/Mosaic	14.26	15.63	14.99	14.60	13.67	(1.37)	0.64
Generations I	14.90	16.24	15.49	15.00	13.97	(1.34)	0.75
Generations II	13.90	15.16	14.47	14.03	13.06	(1.26)	0.69
Generations Core	14.23	15.50	14.78	14.31	13.31	(1.27)	0.72
75/75 guarantee policy	13.89	15.13	14.43	13.97	13.00	(1.24)	0.70
75/100 guarantee policy	13.77	15.00	14.31	13.87	12.91	(1.23)	0.69
100/100 guarantee policy	13.60	14.83	14.16	13.72	12.78	(1.23)	0.67
PS1 75/75 guarantee policy	12.72	13.83	13.16	12.72	11.82	(1.11)	0.67
PS1 75/100 guarantee policy	12.65	13.76	13.10	12.67	11.77	(1.11)	0.66
PS1 100/100 guarantee policy	12.50	13.60	12.96	12.54	11.66	(1.10)	0.64
PS2 75/75 guarantee policy	15.73	—	15.65	14.83	—	(1.04)	—
PS2 75/100 guarantee policy	15.73	16.77	15.65	14.83	13.51	(1.04)	1.12
PS 75/75 guarantee policy	10.81	11.64	10.98	10.52	9.68	(0.83)	0.66
PS 75/100 guarantee policy	10.78	11.62	10.97	10.51	—	(0.84)	0.65
PPS 75/75 guarantee policy	10.90	—	—	—	—	(0.82)	—
PPS 75/100 guarantee policy	10.87	11.70	11.01	10.54	—	(0.83)	0.69
PPS 100/100 guarantee policy	10.84	—	—	—	—	(0.83)	—

Income Opportunity Fund (LLIM) SF354

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Income Opportunity Fund (LLIM) SF354

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Income Opportunity Fund (LLIM) SF354

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Income Opportunity Fund (LLIM) SF354

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Bonds and Stocks

Bonds and stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Income Opportunity Fund (LLIM) SF354

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Derivatives

Derivatives are classified and measured at fair value. Derivatives are valued using market transactions and other market evidence whenever possible, including market based inputs to models, broker or dealer quotations or alternative pricing sources with reasonable levels of transparency. When models are used, the selection of a particular model to value a derivative depends on the contractual terms of, and specific risks inherent in, the instrument, as well as the availability of pricing information in the market. The Company generally uses similar models to value similar instruments. Valuation models require a variety of inputs, including contractual terms, market prices and rates, yield curves, credit curves, measures volatility, prepayment rates and correlations of such inputs.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Interest income on debt securities - included in the change in fair value of such investments and recorded on the accrual basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Income Opportunity Fund (LLIM) SF354

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

Income Opportunity Fund (LLIM) SF354

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Income Allocation

Net gain (loss) on investments, which includes dividend income, interest income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

Income Opportunity Fund (LLIM) SF354

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Income Opportunity Fund (LLIM) SF354

Notes to the Financial Statements

(in Canadian \$ thousands)

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

7. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative contracts, including forward currency, futures and equity swap contracts, are valued at the gain or loss that would arise as a result of closing the position at the reporting date. Options are recorded at fair value as at the reporting date. The Fund may use derivative contracts to hedge against losses caused by changes in securities prices, interest rates, exchange rates and/or other risks. The Fund may also use derivative contracts for non-hedging purposes in order to invest indirectly in financial markets or to gain exposure to other currencies, provided the use of such derivatives is consistent with the Fund's investment objectives and strategies. Foreign currency risk and exposure may be direct or indirect and can include all or a portion of the currency exposure of an existing investment or group of investments. Any such gain or loss on derivative contracts is recorded as part of net gain (loss) on investments.

As at the reporting date, the unrealized gain (loss) on derivative contracts is reflected on the Statement of Financial Position of the Fund.

The Fund manages derivative credit risk through collateral arrangements where required. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented by the Fund regarding the acceptability of types of collateral and the valuation parameters. The Fund Manager monitors the value of the collateral and requests additional collateral when needed.

Income Opportunity Fund (LLIM) SF354

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Income Opportunity Fund (LLIM) SF354

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
Generations/Mosaic	2.75	2.75	2.75	2.75	2.77
Generations I	2.20	2.20	2.20	2.21	2.32
Generations II	2.25	2.26	2.25	2.26	2.43
Generations Core	2.14	2.15	2.15	2.15	2.27
75/75 guarantee policy	2.13	2.15	2.15	2.15	2.27
75/100 guarantee policy	2.18	2.20	2.20	2.21	2.32
100/100 guarantee policy	2.25	2.26	2.26	2.26	2.40
PS1 75/75 guarantee policy	1.97	1.97	1.97	1.96	2.00
PS1 75/100 guarantee policy	2.02	2.02	2.02	2.02	2.06
PS1 100/100 guarantee policy	2.07	2.07	2.08	2.08	2.15
PS 75/75 guarantee policy	1.04	1.05	1.05	1.06	1.05
PS 75/100 guarantee policy	1.11	1.11	1.11	1.11	—
PPS 75/75 guarantee policy	0.87	—	—	—	—
PPS 75/100 guarantee policy	0.93	0.93	0.93	0.92	—
PPS 100/100 guarantee policy	0.98	—	—	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	149.22	70.37	31.99	14.08	21.33

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
NORTHSTAR FUND (FIDELITY) SF355

December 31, 2022

Independent Auditor's Report

To the Contractholders of Northstar Fund (Fidelity) SF355 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Northstar Fund (Fidelity) SF355

(in Canadian \$ thousands)

Fund Manager: Fidelity Investments Canada ULC

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 39	\$ 8
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	66,633	75,477
Total investments	66,633	75,477
Total assets	\$ 66,672	\$ 75,485
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	26	19
Due to brokers	19	2
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	45	21
Net assets attributable to contractholders	\$ 66,627	\$ 75,464

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (3,421)	\$ 7,279
Miscellaneous income (loss)	—	—
Total income (loss)	(3,421)	7,279
Expenses		
Management fees (note 8)	2,020	2,329
Other	219	250
Total expenses	2,239	2,579
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (5,660)	\$ 4,700

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year		
	\$ 75,464	\$ 69,937
Contractholder deposits	2,865	10,046
Contractholder withdrawals	(6,042)	(9,219)
Increase (decrease) in net assets from operations attributable to contractholders	(5,660)	4,700
Change in net assets attributable to contractholders	(8,837)	5,527
Net assets attributable to contractholders - end of year	\$ 66,627	\$ 75,464

Northstar Fund (Fidelity) SF355

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (5,660)	\$ 4,700
Adjustments		
Realized (gains) losses	(959)	(2,613)
Unrealized (gains) losses	7,645	2,033
Gross proceeds of disposition of investments	7,113	9,392
Gross payments for the purchase of investments	(1,690)	(7,553)
Distribution income of underlying mutual fund	(3,265)	(6,699)
Change in due from/to The Canada Life Assurance Company	7	(81)
Change in due from/to brokers	17	(34)
	<u>3,208</u>	<u>(855)</u>
Financing Activities		
Contractholder deposits	2,865	10,046
Contractholder withdrawals	(6,042)	(9,219)
	<u>(3,177)</u>	<u>827</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	31	(28)
Cash, short-term deposits and overdrafts, beginning of year	8	36
Cash, short-term deposits and overdrafts, end of year	\$ 39	\$ 8

Northstar Fund (Fidelity) SF355

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Fidelity Northstar Fund	1,972,976	59,122	66,633
Total Investments		59,122	66,633

Top 25 Holdings

Security Description	% of Total
Oil and Natural Gas Corp. Ltd.	2.23%
Elevance Health Inc.	2.20%
Microsoft Corp.	1.89%
DB Insurance Co. Ltd.	1.67%
ITOCHU Corp.	1.46%
Simplo Technology Co. Ltd.	1.39%
Universal Health Services Inc. Class B	1.31%
Jumbo SA	1.16%
Redington India Ltd.	1.06%
Alphabet Inc. Class C	1.05%
Fukuda Denshi Co. Ltd.	1.00%
TotalEnergies SE ADR	1.00%
British American Tobacco PLC	0.99%
Altria Group Inc.	0.98%
Johnson & Johnson Inc.	0.95%
T-Mobile US Inc.	0.94%
ASR Nederland NV	0.93%
Amazon.com Inc.	0.89%
Imperial Brands PLC	0.89%
Kingboard Holdings Ltd.	0.88%
Seria Co. Ltd.	0.88%
Nestle SA	0.83%
Britvic PLC	0.79%
NVIDIA Corp.	0.77%
Daqin Railway Co. Ltd. Class A	0.76%

Northstar Fund (Fidelity) SF355

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Generations/Mosaic	754,006	837,121	1,041,241	1,239,680	1,552,912	15,617	18,806	22,014	22,139	26,808
Generations I	135,121	172,853	198,045	229,535	312,543	2,825	3,911	4,207	4,110	5,398
Generations II	38,093	39,200	41,276	49,234	58,679	713	797	791	798	920
Generations Core	170,996	192,213	195,168	267,564	317,552	3,500	4,244	4,033	4,644	5,299
75/75 guarantee policy	257,001	269,100	252,441	339,426	436,520	6,620	7,478	6,565	7,415	9,167
75/100 guarantee policy	712,095	705,681	674,906	783,561	1,047,162	17,766	19,055	17,112	16,745	21,584
100/100 guarantee policy	124,161	140,729	140,233	159,908	189,014	2,958	3,640	3,417	3,295	3,769
PS1 75/75 guarantee policy	108,251	129,494	102,615	151,456	160,509	2,776	3,569	2,638	3,259	3,309
PS1 75/100 guarantee policy	402,384	376,972	276,090	342,613	430,335	9,976	10,079	6,907	7,200	8,691
PS1 100/100 guarantee policy	75,903	65,752	28,979	25,437	35,934	1,793	1,683	697	516	704
PS2 75/75 guarantee policy	3,713	3,978	5,005	14,514	34,815	128	144	164	387	865
PS2 75/100 guarantee policy	50,967	51,347	40,030	44,172	45,601	1,763	1,856	1,311	1,178	1,132
PS2 100/100 guarantee policy	—	—	1,892	1,954	7,754	—	—	62	52	192
PS 75/75 guarantee policy	599	—	—	280	—	7	—	—	3	—
PS 75/100 guarantee policy	9,656	3,374	761	1,114	—	115	43	9	11	—
PS 100/100 guarantee policy	610	1,032	—	—	—	7	13	—	—	—
PPS 75/100 guarantee policy	5,252	11,367	808	6,961	—	63	146	10	69	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
Generations/Mosaic	20.71	22.47	21.14	17.86	17.26	(1.76)	1.33
Generations I	20.90	22.62	21.24	17.91	17.27	(1.72)	1.38
Generations II	18.73	20.34	19.16	16.20	15.68	(1.61)	1.18
Generations Core	20.47	22.08	20.66	17.36	16.69	(1.61)	1.42
75/75 guarantee policy	25.76	27.79	26.01	21.85	21.00	(2.03)	1.78
75/100 guarantee policy	24.95	27.00	25.36	21.37	20.61	(2.05)	1.64
100/100 guarantee policy	23.82	25.87	24.37	20.61	19.94	(2.05)	1.50
PS1 75/75 guarantee policy	25.64	27.56	25.71	21.52	20.61	(1.92)	1.85
PS1 75/100 guarantee policy	24.79	26.74	25.02	21.01	20.20	(1.95)	1.72
PS1 100/100 guarantee policy	23.62	25.59	24.05	20.29	19.59	(1.97)	1.54
PS2 75/75 guarantee policy	34.60	36.16	32.78	26.67	24.84	(1.56)	3.38
PS2 75/100 guarantee policy	34.58	36.14	32.76	26.66	24.83	(1.56)	3.38
PS2 100/100 guarantee policy	—	—	32.75	26.65	24.82	—	—
PS 75/75 guarantee policy	12.06	—	—	9.91	—	(0.81)	—
PS 75/100 guarantee policy	11.90	12.74	11.83	9.86	—	(0.84)	0.91
PS 100/100 guarantee policy	11.71	12.57	—	—	—	(0.86)	0.86
PPS 75/100 guarantee policy	12.09	12.89	11.93	9.91	—	(0.80)	0.96

Northstar Fund (Fidelity) SF355

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Northstar Fund (Fidelity) SF355 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Northstar Fund (Fidelity) SF355

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Northstar Fund (Fidelity) SF355

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Northstar Fund (Fidelity) SF355

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

Northstar Fund (Fidelity) SF355

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

Northstar Fund (Fidelity) SF355

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Northstar Fund (Fidelity) SF355

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
 - Registered Savings Plans,
 - Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

Northstar Fund (Fidelity) SF355

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Northstar Fund (Fidelity) SF355

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.

Northstar Fund (Fidelity) SF355

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Northstar Fund (Fidelity) SF355

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
Generations/Mosaic	3.73	3.73	3.76	3.73	3.73
Generations I	3.51	3.51	3.54	3.51	3.51
Generations II	3.84	3.84	3.87	3.84	3.86
Generations Core	3.17	3.17	3.21	3.18	3.22
75/75 guarantee policy	3.17	3.17	3.21	3.18	3.22
75/100 guarantee policy	3.50	3.50	3.54	3.51	3.51
100/100 guarantee policy	3.84	3.83	3.87	3.84	3.84
PS1 75/75 guarantee policy	2.83	2.82	2.86	2.83	2.82
PS1 75/100 guarantee policy	3.15	3.15	3.19	3.16	3.16
PS1 100/100 guarantee policy	3.59	3.60	3.63	3.60	3.60
PS 75/75 guarantee policy	2.07	—	—	2.06	—
PS 75/100 guarantee policy	2.40	2.40	2.44	2.39	—
PS 100/100 guarantee policy	2.74	2.72	—	—	—
PPS 75/100 guarantee policy	2.06	2.05	2.08	2.05	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	2.48	10.04	3.27	1.60	0.98

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
AMERICAN DISCIPLINED EQUITY FUND (FIDELITY) SF356

December 31, 2022

Independent Auditor's Report

To the Contractholders of American Disciplined Equity Fund (Fidelity) SF356 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

American Disciplined Equity Fund (Fidelity) SF356

(in Canadian \$ thousands)

Fund Manager: Fidelity Investments Canada ULC

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	31	60
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	49,759	65,830
Total investments	49,759	65,830
Total assets	\$ 49,790	\$ 65,890
Liabilities		
Overdrafts	\$ 47	\$ 47
Due to The Canada Life Assurance Company (note 8)	16	11
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	63	58
Net assets attributable to contractholders	\$ 49,727	\$ 65,832

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (8,633)	\$ 15,160
Miscellaneous income (loss)	—	—
Total income (loss)	(8,633)	15,160
Expenses		
Management fees (note 8)	1,610	1,857
Other	146	167
Total expenses	1,756	2,024
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (10,389)	\$ 13,136

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 65,832	\$ 58,880
Contractholder deposits	661	259
Contractholder withdrawals	(6,377)	(6,443)
Increase (decrease) in net assets from operations attributable to contractholders	(10,389)	13,136
Change in net assets attributable to contractholders	(16,105)	6,952
Net assets attributable to contractholders - end of year	\$ 49,727	\$ 65,832

American Disciplined Equity Fund (Fidelity) SF356

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (10,389)	\$ 13,136
Adjustments		
Realized (gains) losses	(3,251)	(4,017)
Unrealized (gains) losses	12,632	(7,974)
Gross proceeds of disposition of investments	8,921	9,652
Gross payments for the purchase of investments	(1,483)	(1,424)
Distribution income of underlying mutual fund	(748)	(3,169)
Change in due from/to The Canada Life Assurance Company	5	6
Change in due from/to brokers	29	(108)
	<u>5,716</u>	<u>6,102</u>
Financing Activities		
Contractholder deposits	661	259
Contractholder withdrawals	(6,377)	(6,443)
	<u>(5,716)</u>	<u>(6,184)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	(82)
Cash, short-term deposits and overdrafts, beginning of year	<u>(47)</u>	<u>35</u>
Cash, short-term deposits and overdrafts, end of year	<u>\$ (47)</u>	<u>\$ (47)</u>

American Disciplined Equity Fund (Fidelity) SF356

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Fidelity American Disciplined Equity	1,472,222	33,411	49,759
Total Investments		33,411	49,759

Top 25 Holdings

Security Description	% of Total
Apple Inc.	6.72%
Microsoft Corp.	6.19%
JPMorgan Chase & Co.	2.83%
Alphabet Inc. Class C	2.72%
Exxon Mobil Corp.	2.60%
Amazon.com Inc.	2.55%
The Travelers Companies Inc.	2.49%
Danaher Corp.	2.47%
Mastercard Inc. Class A	2.46%
Boston Scientific Corp.	2.42%
Wells Fargo & Co.	2.38%
NVIDIA Corp.	2.33%
AstraZeneca PLC ADR	2.12%
UnitedHealth Group Inc.	2.07%
Eli Lilly and Co.	1.87%
The Procter & Gamble Co.	1.55%
Lowe's Companies Inc.	1.53%
Centene Corp.	1.47%
Caterpillar Inc.	1.45%
Cisco Systems Inc.	1.39%
ServiceNow Inc.	1.38%
Meta Platforms Inc.	1.32%
NXP Semiconductors NV	1.26%
Schlumberger Ltd.	1.25%
American Tower Corp. REIT Class A	1.22%

American Disciplined Equity Fund (Fidelity) SF356

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Generations/Mosaic	496,128	525,006	589,099	633,685	687,757	13,310	16,862	15,342	14,459	12,655
Generations I	109,447	123,399	128,059	145,958	174,494	3,096	4,177	3,513	3,506	3,378
Generations II	79,632	82,743	86,916	100,623	106,408	1,854	2,313	1,976	2,010	1,718
Generations Core	81,911	91,362	127,945	141,465	163,242	2,075	2,759	3,119	3,008	2,787
75/75 guarantee policy	104,612	120,574	133,648	206,273	196,301	3,742	5,141	4,600	6,194	4,733
75/100 guarantee policy	269,027	310,916	357,017	451,287	525,732	9,306	12,869	11,976	13,256	12,446
100/100 guarantee policy	69,825	80,559	98,270	137,276	143,830	2,312	3,202	3,176	3,898	3,302
PS1 75/75 guarantee policy	92,525	85,871	79,092	79,302	82,624	3,123	3,441	2,548	2,220	1,850
PS1 75/100 guarantee policy	285,476	328,587	326,710	378,231	372,373	9,376	12,847	10,299	10,388	8,201
PS1 100/100 guarantee policy	30,073	37,795	54,879	60,308	55,517	947	1,422	1,671	1,606	1,190
PS2 75/75 guarantee policy	1,761	1,919	2,330	12,851	12,931	79	99	95	442	346
PS2 75/100 guarantee policy	6,858	7,062	7,276	10,731	13,311	308	366	296	369	356
PS2 100/100 guarantee policy	4,433	6,435	6,624	6,826	7,027	199	334	269	235	188
PS 75/75 guarantee policy	—	—	—	1,845	1,822	—	—	—	21	17
PS 75/100 guarantee policy	—	—	—	1,086	—	—	—	—	12	—
PPS 75/100 guarantee policy	—	—	—	6,491	—	—	—	—	74	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
Generations/Mosaic	26.83	32.12	26.04	22.82	18.40	(5.29)	6.08
Generations I	28.29	33.85	27.43	24.02	19.36	(5.56)	6.42
Generations II	23.29	27.96	22.73	19.97	16.15	(4.67)	5.23
Generations Core	25.33	30.20	24.38	21.27	17.07	(4.87)	5.82
75/75 guarantee policy	35.77	42.64	34.42	30.03	24.11	(6.87)	8.22
75/100 guarantee policy	34.59	41.39	33.54	29.37	23.67	(6.80)	7.85
100/100 guarantee policy	33.11	39.75	32.32	28.40	22.96	(6.64)	7.43
PS1 75/75 guarantee policy	33.75	40.07	32.22	27.99	22.39	(6.32)	7.85
PS1 75/100 guarantee policy	32.84	39.10	31.53	27.47	22.02	(6.26)	7.57
PS1 100/100 guarantee policy	31.48	37.62	30.45	26.63	21.43	(6.14)	7.17
PS2 75/75 guarantee policy	44.87	51.87	40.61	34.35	26.75	(7.00)	11.26
PS2 75/100 guarantee policy	44.88	51.88	40.62	34.36	26.75	(7.00)	11.26
PS2 100/100 guarantee policy	44.93	51.94	40.67	34.40	26.78	(7.01)	11.27
PS 75/75 guarantee policy	—	—	—	11.38	9.04	—	—
PS 75/100 guarantee policy	—	—	—	11.31	—	—	—
PPS 75/100 guarantee policy	—	—	—	11.40	—	—	—

American Disciplined Equity Fund (Fidelity) SF356

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The American Disciplined Equity Fund (Fidelity) SF356 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

American Disciplined Equity Fund (Fidelity) SF356

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

American Disciplined Equity Fund (Fidelity) SF356

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

American Disciplined Equity Fund (Fidelity) SF356

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

American Disciplined Equity Fund (Fidelity) SF356

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

American Disciplined Equity Fund (Fidelity) SF356

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

American Disciplined Equity Fund (Fidelity) SF356

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

American Disciplined Equity Fund (Fidelity) SF356

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

American Disciplined Equity Fund (Fidelity) SF356

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.

American Disciplined Equity Fund (Fidelity) SF356

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

American Disciplined Equity Fund (Fidelity) SF356

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
Generations/Mosaic	3.51	3.50	3.51	3.52	3.54
Generations I	3.45	3.45	3.46	3.47	3.49
Generations II	3.78	3.77	3.79	3.79	3.82
Generations Core	3.07	3.07	3.07	3.08	3.19
75/75 guarantee policy	3.07	3.07	3.08	3.08	3.18
75/100 guarantee policy	3.45	3.45	3.46	3.47	3.48
100/100 guarantee policy	3.78	3.78	3.79	3.79	3.81
PS1 75/75 guarantee policy	2.67	2.66	2.67	2.68	2.69
PS1 75/100 guarantee policy	2.95	2.94	2.95	2.95	2.97
PS1 100/100 guarantee policy	3.33	3.33	3.33	3.34	3.35
PS 75/75 guarantee policy	—	—	—	1.99	1.99
PS 75/100 guarantee policy	—	—	—	2.35	—
PPS 75/100 guarantee policy	—	—	—	1.85	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	2.72	2.38	5.50	6.72	8.12

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
GLOBAL BALANCED FUND (MACKENZIE) SF513

December 31, 2022

Independent Auditor's Report

To the Contractholders of Global Balanced Fund (Mackenzie) SF513 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Global Balanced Fund (Mackenzie) SF513

(in Canadian \$ thousands)

Fund Manager: Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 148	\$ 232
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	104	62
Due from brokers	—	92
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	241,102	272,792
Total investments	241,102	272,792
Total assets	\$ 241,354	\$ 273,178
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	56	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	56	—
Net assets attributable to contractholders	\$ 241,298	\$ 273,178

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (22,933)	\$ 21,325
Miscellaneous income (loss)	—	—
Total income (loss)	(22,933)	21,325
Expenses		
Management fees (note 8)	5,850	5,899
Other	581	565
Total expenses	6,431	6,464
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (29,364)	\$ 14,861

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year		
	\$ 273,178	\$ 207,916
Contractholder deposits	19,172	70,132
Contractholder withdrawals	(21,688)	(19,731)
Increase (decrease) in net assets from operations attributable to contractholders	(29,364)	14,861
Change in net assets attributable to contractholders	(31,880)	65,262
Net assets attributable to contractholders - end of year	\$ 241,298	\$ 273,178

Global Balanced Fund (Mackenzie) SF513

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (29,364)	\$ 14,861
Adjustments		
Realized (gains) losses	554	(514)
Unrealized (gains) losses	28,146	115
Gross proceeds of disposition of investments	24,895	217,485
Gross payments for the purchase of investments	(16,138)	(261,389)
Distribution income of underlying mutual fund	(5,767)	(20,926)
Change in due from/to The Canada Life Assurance Company	(42)	(37)
Change in due from/to brokers	148	(371)
	<u>2,432</u>	<u>(50,776)</u>
Financing Activities		
Contractholder deposits	19,172	70,132
Contractholder withdrawals	(21,688)	(19,731)
	<u>(2,516)</u>	<u>50,401</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(84)	(375)
Cash, short-term deposits and overdrafts, beginning of year	232	607
Cash, short-term deposits and overdrafts, end of year	\$ 148	\$ 232

Global Balanced Fund (Mackenzie) SF513

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Canada Life Global Balanced Fund Series S *	12,837,117	249,440	241,102
Total Investments		249,440	241,102

Top 25 Holdings

Security Description	% of Total
Cash and short-term deposits	3.83%
Danaher Corp.	2.97%
Seven & I Holdings Co. Ltd.	2.95%
Johnson & Johnson Inc.	2.79%
Amcort PLC	2.60%
Colgate Palmolive Co.	2.48%
Compass Group PLC	2.46%
RELX PLC	2.43%
Reckitt Benckiser Group PLC	2.38%
Oracle Corp.	2.34%
Admiral Group PLC	2.31%
SAP SE	2.12%
Roche Holding AG Genussscheine	2.10%
Alphabet Inc. Class A	2.09%
The TJX Companies Inc.	2.06%
Brookfield Corp.	1.96%
CK Hutchison Holdings Ltd.	1.92%
Becton, Dickinson and Co.	1.89%
Marsh & McLennan Companies Inc.	1.87%
Industria de Diseno Textil SA	1.84%
Comcast Corp. Class A	1.81%
Accenture PLC Class A	1.80%
W.W. Grainger Inc.	1.80%
Microsoft Corp.	1.79%
The Procter & Gamble Co.	1.78%

*The issuer of this security is a related company to the issuer of the Fund.

Global Balanced Fund (Mackenzie) SF513

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	1,752,479	1,795,082	1,500,460	1,258,961	1,119,987	36,450	41,782	32,941	25,240	20,472
75/100 guarantee policy	4,763,866	4,911,615	4,307,065	3,725,129	3,069,544	97,794	113,080	93,734	74,194	55,861
100/100 guarantee policy	649,453	695,163	661,952	650,371	587,949	13,017	15,651	14,109	12,706	10,511
PS1 75/75 guarantee policy	867,192	883,815	592,157	255,834	230,760	16,718	19,022	11,993	4,719	3,870
PS1 75/100 guarantee policy	2,882,223	2,754,706	1,934,951	1,426,199	1,181,876	54,690	58,452	38,697	26,019	19,638
PS1 100/100 guarantee policy	338,851	321,513	247,009	198,399	188,262	6,272	6,670	4,840	3,554	3,079
PS2 75/75 guarantee policy	94,826	89,791	86,227	53,799	42,199	2,375	2,449	2,158	1,197	833
PS2 75/100 guarantee policy	298,420	314,938	214,179	181,493	199,916	7,479	8,594	5,364	4,039	3,948
PS2 100/100 guarantee policy	60,436	106,773	66,042	47,525	48,994	1,515	2,914	1,654	1,058	968
PS 75/75 guarantee policy	29,608	35,953	17,915	18,753	8,934	350	470	218	206	89
PS 75/100 guarantee policy	147,007	113,094	89,672	22,136	690	1,719	1,467	1,087	243	7
PS 100/100 guarantee policy	—	—	5,020	—	—	—	—	61	—	—
PPS 75/75 guarantee policy	130,415	79,126	64,589	6,958	—	1,558	1,044	793	77	—
PPS 75/100 guarantee policy	99,505	100,387	21,827	19,072	5,796	1,180	1,316	267	210	57
PPS 100/100 guarantee policy	15,433	20,546	—	—	—	181	267	—	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	20.80	23.28	21.95	20.05	18.28	(2.48)	1.33
75/100 guarantee policy	20.53	23.02	21.76	19.92	18.20	(2.49)	1.26
100/100 guarantee policy	20.04	22.51	21.31	19.54	17.88	(2.47)	1.20
PS1 75/75 guarantee policy	19.28	21.52	20.25	18.44	16.77	(2.24)	1.27
PS1 75/100 guarantee policy	18.97	21.22	20.00	18.24	16.62	(2.25)	1.22
PS1 100/100 guarantee policy	18.51	20.75	19.60	17.92	16.35	(2.24)	1.15
PS2 75/75 guarantee policy	25.05	27.28	25.03	22.25	19.74	(2.23)	2.25
PS2 75/100 guarantee policy	25.06	27.29	25.04	22.26	19.75	(2.23)	2.25
PS2 100/100 guarantee policy	25.07	27.29	25.05	22.26	19.75	(2.22)	2.24
PS 75/75 guarantee policy	11.81	13.07	12.19	11.01	9.93	(1.26)	0.88
PS 75/100 guarantee policy	11.69	12.97	12.13	10.98	9.92	(1.28)	0.84
PS 100/100 guarantee policy	—	—	12.08	—	—	—	—
PPS 75/75 guarantee policy	11.94	13.19	12.27	11.06	—	(1.25)	0.92
PPS 75/100 guarantee policy	11.86	13.11	12.22	11.03	9.94	(1.25)	0.89
PPS 100/100 guarantee policy	11.72	12.99	—	—	—	(1.27)	0.85

Global Balanced Fund (Mackenzie) SF513

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Global Balanced Fund (Mackenzie) SF513 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Global Balanced Fund (Mackenzie) SF513

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Global Balanced Fund (Mackenzie) SF513

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Global Balanced Fund (Mackenzie) SF513

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

Global Balanced Fund (Mackenzie) SF513

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

Global Balanced Fund (Mackenzie) SF513

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Global Balanced Fund (Mackenzie) SF513

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

Global Balanced Fund (Mackenzie) SF513

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Global Balanced Fund (Mackenzie) SF513

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Global Balanced Fund (Mackenzie) SF513

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Global Balanced Fund (Mackenzie) SF513

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.75	2.73	2.72	2.72	2.79
75/100 guarantee policy	2.97	2.95	2.94	2.94	2.95
100/100 guarantee policy	3.12	3.11	3.10	3.09	3.10
PS1 75/75 guarantee policy	2.51	2.49	2.45	2.46	2.46
PS1 75/100 guarantee policy	2.67	2.66	2.62	2.62	2.63
PS1 100/100 guarantee policy	2.89	2.88	2.84	2.84	2.84
PS 75/75 guarantee policy	1.65	1.63	1.64	1.62	1.63
PS 75/100 guarantee policy	1.86	1.86	1.85	1.84	1.84
PS 100/100 guarantee policy	—	—	2.01	—	—
PPS 75/75 guarantee policy	1.41	1.40	1.36	1.36	—
PPS 75/100 guarantee policy	1.58	1.55	1.53	1.52	1.52
PPS 100/100 guarantee policy	1.80	1.79	—	—	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
PS1 75/75 guarantee policy	2.51	2.49	2.48	2.49	2.49
PS1 75/100 guarantee policy	2.67	2.66	2.65	2.65	2.66
PS1 100/100 guarantee policy	2.89	2.88	2.87	2.87	2.87
PPS 75/75 guarantee policy	1.41	1.40	1.39	1.39	—
PPS 75/100 guarantee policy	1.58	1.55	1.56	1.55	1.55
PPS 100/100 guarantee policy	1.80	1.79	—	—	—

Portfolio Turnover Rate (%) ⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	6.54	89.58	6.27	4.67	7.89

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
GLOBAL VALUE FUND (MACKENZIE) SF514

December 31, 2022

Independent Auditor's Report

To the Contractholders of Global Value Fund (Mackenzie) SF514 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Global Value Fund (Mackenzie) SF514

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	8	—
Due from brokers	13	35
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	14,996	18,228
Total investments	14,996	18,228
Total assets	\$ 15,017	\$ 18,263
Liabilities		
Overdrafts	\$ 14	\$ 42
Due to The Canada Life Assurance Company (note 8)	—	3
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	14	45
Net assets attributable to contractholders	\$ 15,003	\$ 18,218

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (1,084)	\$ 2,816
Miscellaneous income (loss)	—	—
Total income (loss)	(1,084)	2,816
Expenses		
Management fees (note 8)	270	329
Other	32	37
Total expenses	302	366
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (1,386)	\$ 2,450

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year		
	\$ 18,218	\$ 19,397
Contractholder deposits	98	189
Contractholder withdrawals	(1,927)	(3,818)
Increase (decrease) in net assets from operations attributable to contractholders	(1,386)	2,450
Change in net assets attributable to contractholders	(3,215)	(1,179)
Net assets attributable to contractholders - end of year	\$ 15,003	\$ 18,218

Global Value Fund (Mackenzie) SF514

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (1,386)	\$ 2,450
Adjustments		
Realized (gains) losses	(412)	(864)
Unrealized (gains) losses	1,606	(1,461)
Gross proceeds of disposition of investments	2,502	4,183
Gross payments for the purchase of investments	(354)	(181)
Distribution income of underlying mutual fund	(110)	(491)
Change in due from/to The Canada Life Assurance Company	(11)	(2)
Change in due from/to brokers	22	591
	<u>1,857</u>	<u>4,225</u>
Financing Activities		
Contractholder deposits	98	189
Contractholder withdrawals	(1,927)	(3,818)
	<u>(1,829)</u>	<u>(3,629)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	28	596
Cash, short-term deposits and overdrafts, beginning of year	<u>(42)</u>	<u>(638)</u>
Cash, short-term deposits and overdrafts, end of year	<u>\$ (14)</u>	<u>\$ (42)</u>

Global Value Fund (Mackenzie) SF514

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Mackenzie Cundill Value Fund Series S *	826,956	12,776	14,996
Total Investments		12,776	14,996

Top 25 Holdings

Security Description	% of Total
Oracle Corp.	3.09%
Exxon Mobil Corp.	2.89%
Salesforce Inc.	2.82%
SNC-Lavalin Group Inc.	2.75%
Chevron Corp.	2.65%
Comcast Corp. Class A	2.62%
Bank of America Corp.	2.59%
CVS Health Corp.	2.59%
Lam Research Corp.	2.59%
Philip Morris International Inc.	2.52%
Wells Fargo & Co.	2.48%
Ferrovial SA	2.45%
Shell PLC Class A ADR	2.43%
Coca-Cola Europacific Partners PLC	2.33%
Dollar Tree Inc.	2.25%
Skechers USA Inc. Class A	2.25%
The TJX Companies Inc.	2.23%
Johnson & Johnson Inc.	2.13%
Becton, Dickinson and Co.	2.12%
UBS Group AG	2.06%
Novartis AG	2.04%
Siemens AG	1.99%
Visa Inc. Class A	1.95%
Daimler Truck Holding AG	1.90%
Cash and short-term deposits	1.85%

*The issuer of this security is a related company to the issuer of the Fund.

Global Value Fund (Mackenzie) SF514

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 4 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	45,323	54,838	63,933	95,482	85,240	634	841	876	1,370	1,116
75/100 guarantee policy	140,371	151,117	205,576	255,458	286,491	1,907	2,259	2,751	3,585	3,678
100/100 guarantee policy	205,072	215,277	246,456	262,929	261,492	2,647	3,068	3,157	3,546	3,239
PS1 75/75 guarantee policy	40,982	44,121	41,914	68,500	81,704	624	733	620	1,054	1,142
PS1 75/100 guarantee policy	52,392	62,619	77,402	98,539	104,410	770	1,009	1,113	1,480	1,428
PS1 100/100 guarantee policy	146,646	162,355	173,720	144,670	132,103	2,054	2,503	2,400	2,097	1,753
PS2 75/75 guarantee policy	868	1,605	2,048	2,092	—	17	34	38	39	—
PS2 75/100 guarantee policy	23,160	26,641	27,742	82,992	66,102	462	566	510	1,550	1,093
PS2 100/100 guarantee policy	17,703	19,776	18,053	17,084	18,852	354	420	332	319	312
PS 75/75 guarantee policy	437	440	444	711	451	4	4	4	6	4
PS 75/100 guarantee policy	962	1,011	1,019	809	143	8	10	9	7	1

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	13.98	15.34	13.71	14.35	13.09	(1.36)	1.63
75/100 guarantee policy	13.59	14.95	13.38	14.03	12.84	(1.36)	1.57
100/100 guarantee policy	12.91	14.25	12.81	13.49	12.39	(1.34)	1.44
PS1 75/75 guarantee policy	15.22	16.62	14.78	15.39	13.98	(1.40)	1.84
PS1 75/100 guarantee policy	14.70	16.11	14.37	15.01	13.68	(1.41)	1.74
PS1 100/100 guarantee policy	14.00	15.42	13.82	14.50	13.27	(1.42)	1.60
PS2 75/75 guarantee policy	19.96	21.24	18.41	18.68	—	(1.28)	2.83
PS2 75/100 guarantee policy	19.95	21.23	18.40	18.67	16.53	(1.28)	2.83
PS2 100/100 guarantee policy	19.97	21.25	18.41	18.69	16.55	(1.28)	2.84
PS 75/75 guarantee policy	8.84	9.59	8.48	8.77	7.92	(0.75)	1.11
PS 75/100 guarantee policy	8.76	9.52	8.43	8.74	7.91	(0.76)	1.09

Global Value Fund (Mackenzie) SF514

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Global Value Fund (Mackenzie) SF514 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Global Value Fund (Mackenzie) SF514

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Global Value Fund (Mackenzie) SF514

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Global Value Fund (Mackenzie) SF514

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

Global Value Fund (Mackenzie) SF514

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

Global Value Fund (Mackenzie) SF514

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Global Value Fund (Mackenzie) SF514

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

Global Value Fund (Mackenzie) SF514

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Portfolio units are those units owned by the Asset Allocation Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Global Value Fund (Mackenzie) SF514

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Global Value Fund (Mackenzie) SF514

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Global Value Fund (Mackenzie) SF514

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	3.08	3.06	3.07	3.06	3.07
75/100 guarantee policy	3.30	3.29	3.29	3.28	3.29
100/100 guarantee policy	3.69	3.68	3.67	3.67	3.68
PS1 75/75 guarantee policy	2.61	2.60	2.56	2.56	2.57
PS1 75/100 guarantee policy	2.95	2.93	2.90	2.89	2.90
PS1 100/100 guarantee policy	3.39	3.38	3.34	3.34	3.35
PS 75/75 guarantee policy	1.96	1.95	1.99	1.94	1.94
PS 75/100 guarantee policy	2.17	2.17	2.16	2.16	2.16

Unsubsidized Management Expense Ratio (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
PS1 75/75 guarantee policy	2.61	2.60	2.60	2.59	2.60
PS1 75/100 guarantee policy	2.95	2.93	2.94	2.92	2.93
PS1 100/100 guarantee policy	3.39	3.38	3.38	3.37	3.38

Portfolio Turnover Rate (%) ⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	2.20	0.94	7.32	16.78	14.76

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

GLOBAL INFRASTRUCTURE EQUITY FUND (LONDON CAPITAL) SF515

December 31, 2022

Independent Auditor's Report

To the Contractholders of Global Infrastructure Equity Fund (London Capital) SF515 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Global Infrastructure Equity Fund (London Capital) SF515

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 426	\$ 157
Investment income due and accrued	136	100
Due from The Canada Life Assurance Company (note 8)	185	86
Due from brokers	—	—
Due from outside parties	2	2
Investments		
Bonds	—	—
Stocks	81,742	68,330
Investment fund units	—	—
Derivatives (note 7)	—	—
Total investments	81,742	68,330
Total assets	\$ 82,491	\$ 68,675
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	192	16
Due to outside parties	—	—
Derivatives (note 7)	—	—
Total liabilities excluding net assets attributable to contractholders	192	16
Net assets attributable to contractholders	\$ 82,299	\$ 68,659

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ 4,534	\$ 6,542
Miscellaneous income (loss)	10	40
Total income (loss)	4,544	6,582
Expenses		
Management fees (note 8)	895	571
Transaction costs	141	161
Withholding taxes	245	188
Other	101	60
Total expenses	1,382	980
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 3,162	\$ 5,602

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 68,659	\$ 66,873
Contractholder deposits	21,275	14,463
Contractholder withdrawals	(10,797)	(18,279)
Increase (decrease) in net assets from operations attributable to contractholders	3,162	5,602
Change in net assets attributable to contractholders	13,640	1,786
Net assets attributable to contractholders - end of year	\$ 82,299	\$ 68,659

Global Infrastructure Equity Fund (London Capital) SF515

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 3,162	\$ 5,602
Adjustments		
Realized (gains) losses	(2,195)	(1,304)
Unrealized (gains) losses	496	(2,321)
Gross proceeds of disposition of investments	79,751	91,959
Gross payments for the purchase of investments	(91,464)	(94,273)
Change in investment income due and accrued	(36)	9
Change in due from/to The Canada Life Assurance Company	(99)	(50)
Change in due from/to brokers	176	16
Change in due from/to outside parties	—	—
	<u>(10,209)</u>	<u>(362)</u>
Financing Activities		
Contractholder deposits	21,275	14,463
Contractholder withdrawals	(10,797)	(18,279)
	<u>10,478</u>	<u>(3,816)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	269	(4,178)
Cash, short-term deposits and overdrafts, beginning of year	157	4,335
Cash, short-term deposits and overdrafts, end of year	\$ 426	\$ 157
Supplementary cash flow information		
Dividend income received	\$ 2,796	\$ 2,926

Global Infrastructure Equity Fund (London Capital) SF515

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Common Stock			
Energy			
Enbridge Inc.	49,690	2,604	2,630
Hydro One Ltd.	25,331	877	919
Pembina Pipeline Corp.	15,879	666	730
TC Energy Corp.	23,278	1,472	1,257
Industrials			
Atlas Corp.	36,673	641	762
Utilities			
ATCO Ltd. Class I non-voting	21,172	848	897
Brookfield Infrastructure Corp.	8,479	471	447
Canadian Utilities Ltd. Class A non-voting	54,389	1,992	1,993
Superior Plus Corp.	6,535	83	73
Total Canadian Common Stock		9,654	9,708
United States Common Stock			
Communication Services			
AT&T Inc.	45,207	1,174	1,127
Frontier Communications Parent Inc.	5,941	198	205
Lumen Technologies Inc.	17,445	238	123
Verizon Communications Inc.	3,565	231	190
Consumer Discretionary			
Perdoceo Education Corp.	23,764	344	447
Stride Inc.	1,944	92	82
Energy			
Cheniere Energy Inc.	11,990	1,598	2,434
DT Midstream Inc.	2,484	196	186
EnLink Midstream LLC	5,671	80	94
Equitrans Midstream Corp.	31,272	358	284
Hess Midstream LP	5,941	236	241
Kinder Morgan Inc.	54,334	1,215	1,330
ONEOK Inc.	12,353	973	1,099
Plains GP Holdings LP	13,178	214	222
Targa Resources Corp.	11,180	671	1,112

Global Infrastructure Equity Fund (London Capital) SF515

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
United States Common Stock (continued)			
Energy (continued)			
The Williams Companies Inc.	34,405	1,089	1,532
Financials			
iShares Global Infrastructure ETF	31,639	1,966	1,963
Health Care			
Encompass Health Corp.	1,566	111	127
HCA Healthcare Inc.	1,404	419	456
Tenet Healthcare Corp.	876	74	58
Information Technology			
EchoStar Corp.	9,236	246	209
Utilities			
American Electric Power Co. Inc.	33,000	4,258	4,239
Constellation Energy Corp.	7,939	959	927
Dominion Energy Inc.	10,100	978	838
DTE Energy Co.	9,642	1,432	1,534
Duke Energy Corp.	10,586	1,290	1,476
Entergy Corp.	3,025	466	461
Evergy Inc.	8,479	675	722
Exelon Corp.	9,776	590	572
FirstEnergy Corp.	19,767	1,103	1,122
National Fuel Gas Co.	15,825	1,182	1,356
NextEra Energy Inc.	42,236	3,949	4,780
NiSource Inc.	8,966	322	333
ONE Gas Inc.	3,025	310	310
Otter Tail Corp.	4,105	407	326
Pinnacle West Capital Corp.	3,294	350	339
PNM Resources Inc.	7,291	453	482
Portland General Electric Co.	4,051	273	269
Sempra Energy	2,106	454	441
Southern Co.	19,822	1,735	1,916
Total United States Common Stock		32,909	35,964

Global Infrastructure Equity Fund (London Capital) SF515

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Global Common Stock			
Australia			
Atlas Arteria Ltd. Unit	162,899	1,053	993
Qube Holdings Ltd.	434,102	1,161	1,125
Transurban Group Stapled Security	255,851	3,150	3,061
Austria			
Telekom Austria AG	10,992	93	92
Bermuda			
BW LPG Ltd.	5,115	49	53
Cosco Pacific Ltd.	334,112	343	359
Liberty Latin America Ltd. Class A	20,146	289	205
Shenzhen International Holdings Ltd.	358,636	597	476
Yuxiu Transport Infrastructure Ltd.	66,000	46	49
Brazil			
Centrais Eletricas Brasileiras S.A (Electrobras)	7,993	95	86
Companhia de Saneamento Basico do Estado de Sao Paulo	2,754	42	40
China			
Anhui Expressway Co. Ltd.	46,000	50	50
CGN Power Co. Ltd.	1,465,000	478	472
Jiangsu Expressway Co. Ltd.	358,222	495	443
Shenzhen Expressway Corp. Ltd.	303,287	375	354
Zhejiang Expressway Co. Ltd.	542,411	570	565
France			
Aeroports de Paris	3,991	699	724
Engie SA	67,592	1,274	1,311
Getlink SE	86,911	1,822	1,885
Germany			
Fraport AG	7,503	407	414
Hamburger Hafen und Logistik AG	10,027	247	173
RIB Software AG	35,244	890	952
RWE AG	17,400	933	1,049

Global Infrastructure Equity Fund (London Capital) SF515

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Global Common Stock (continued)			
Hong Kong			
China Merchants Holdings International Co. Ltd.	279,174	643	554
Israel			
Bezeq Israeli Telecommunication Corp. Ltd.	162,965	348	381
Italy			
A2A SPA	269,491	600	486
ACEA SPA	6,348	107	119
Enav SPA	39,195	235	225
Enel SPA	59,518	510	434
IREN SPA	49,892	94	106
Japan			
Japan Airport Terminal Co. Ltd.	10,600	619	715
Kamigumi Co. Ltd.	22,045	568	612
Mitsubishi Logistics Corp.	3,000	107	94
Nippon Gas Co. Ltd.	11,576	247	249
Nippon Telegraph & Telephone Corp.	10,300	366	400
The Sumitomo Warehouse Co. Ltd.	23,279	470	470
Tokyo Gas Co. Ltd.	24,000	540	641
Mexico			
Grupo Aeroportuario del Centro Norte SAB de CV ADR	6,481	443	543
Grupo Aeroportuario del Pacifico SAB de CV ADR	7,655	1,278	1,489
Grupo Aeroportuario del Sureste SAB de CV ADR	6,015	1,517	1,896
New Zealand			
Auckland International Airport Ltd.	157,817	984	1,059
Summerset Group Holdings Ltd.	5,379	45	41
Norway			
Telenor ASA	20,221	403	254
Portugal			
NOS SGPS SA	29,040	145	159
Redes Energeticas Nacionais SGPS SA	81,333	311	297

Global Infrastructure Equity Fund (London Capital) SF515

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Global Common Stock (continued)			
Singapore			
Hutchison Port Holdings Trust Unit	819,568	234	215
Sembcorp Industries Ltd.	97,300	249	332
Spain			
Aena SM	13,935	2,682	2,368
Endesa SA	35,832	925	916
Iberdrola SA	159,756	2,159	2,529
Red Electrica Corp. SA	6,061	131	143
Telefonica SA	9,889	54	49
Sweden			
AcadeMedia AB	14,855	100	86
Ambea AB	15,452	96	88
Switzerland			
Flughafen Zuerich AG	2,997	640	628
United Kingdom			
Airtel Africa PLC	162,938	378	298
Centrica PLC	183,250	239	290
Liberty Global PLC Class A	7,561	209	194
National Grid PLC	60,772	1,077	993
SSE PLC	26,035	669	730
Telecom Plus PLC	1,548	44	56
Total Global Common Stock		35,624	36,070
Total Stocks		78,187	81,742
Transaction Costs (note 2)		(104)	
Total Investments		78,083	81,742

Global Infrastructure Equity Fund (London Capital) SF515

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Global Infrastructure Equity Fund (London Capital) SF515 (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

Global Infrastructure Equity Fund (London Capital) SF515

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2022 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2022

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 41,394	\$ 19	\$ 41,413	\$ 414
Euro	14,431	2	14,433	144
Australian Dollar	5,179	—	5,179	52
Other Currencies	11,792	54	11,846	119
Total	\$ 72,796	\$ 75	\$ 72,871	\$ 729
As Percent of Net Assets Attributable to Contractholders			88.5%	0.9%

*Includes both monetary and non-monetary instruments

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 30,860	\$ 106	\$ 30,966	\$ 310
Euro	13,873	—	13,873	139
Australian Dollar	5,647	6	5,653	57
Other Currencies	10,760	—	10,760	107
Total	\$ 61,140	\$ 112	\$ 61,252	\$ 613
As Percent of Net Assets Attributable to Contractholders			89.2%	0.9%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2022, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$817 (\$683 at December 31, 2021) or approximately 1.0% (1.0% at December 31, 2021) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

Global Infrastructure Equity Fund (London Capital) SF515

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

The following table presents information about the Fund's assets and liabilities measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

2022				
Assets and Liabilities Measured at Fair Value				
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total
Stocks	\$ 81,361	\$ 381	\$ —	\$ 81,742
Derivatives	—	—	—	—
Total assets measured at fair value	\$ 81,361	\$ 381	\$ —	\$ 81,742
<u>Liabilities measured at fair value</u>				
Derivatives	\$ —	\$ —	\$ —	\$ —
Net assets attributable to contractholders measured at fair value	\$ 81,361	\$ 381	\$ —	\$ 81,742

2021				
Assets and Liabilities Measured at Fair Value				
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total
Stocks	\$ 54,917	\$ 13,413	\$ —	\$ 68,330
Derivatives	—	—	—	—
Total assets measured at fair value	\$ 54,917	\$ 13,413	\$ —	\$ 68,330
<u>Liabilities measured at fair value</u>				
Derivatives	\$ —	\$ —	\$ —	\$ —
Net assets attributable to contractholders measured at fair value	\$ 54,917	\$ 13,413	\$ —	\$ 68,330

In accordance with the Fund's valuation policy, the Fund applies fair value adjustment factors to the quoted market prices for certain non-North American equities when North American intraday stock market movements exceed predetermined tolerances. The adjustment factors are applied in order to estimate the impact on fair values of events occurring between the close of the non-North American stock markets and the close of business for the Fund. If fair value adjustment factors are applied, non-North American equities are classified as Level 2. Consequently, non-North American equities are frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices). As at December 31, 2022, these securities were classified as Level 2 (Level 2 at December 31, 2021).

Global Infrastructure Equity Fund (London Capital) SF515

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	266,399	206,020	192,222	124,950	107,994	4,825	3,637	3,162	2,295	1,742
75/100 guarantee policy	715,777	429,749	453,474	371,908	319,411	12,573	7,383	7,283	6,692	5,063
100/100 guarantee policy	92,184	73,802	63,880	60,071	54,215	1,545	1,214	985	1,042	831
PS1 75/75 guarantee policy	255,793	188,364	151,700	126,074	109,553	4,934	3,526	2,633	2,433	1,848
PS1 75/100 guarantee policy	751,915	358,765	227,608	189,872	149,770	14,019	6,512	3,845	3,577	2,475
PS1 100/100 guarantee policy	98,592	34,882	33,026	34,132	38,203	1,752	606	537	621	612
PS2 75/75 guarantee policy	15,934	17,378	11,213	17,248	14,880	399	412	240	401	295
PS2 75/100 guarantee policy	66,270	63,446	31,985	38,708	18,625	1,657	1,502	685	899	369
PS2 100/100 guarantee policy	19,367	19,590	17,988	18,010	15,247	485	464	385	419	302
PS 75/75 guarantee policy	33,855	19,299	9,491	2,069	—	383	211	95	23	—
PS 75/100 guarantee policy	48,832	46,806	16,195	3,789	—	545	505	162	42	—
PPS 75/75 guarantee policy	17,076	12,673	3,254	3,175	—	197	140	33	36	—
PPS 75/100 guarantee policy	21,487	15,862	4,380	903	—	245	174	44	10	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	18.11	17.66	16.45	18.37	16.13	0.45	1.21
75/100 guarantee policy	17.57	17.18	16.06	17.99	15.85	0.39	1.12
100/100 guarantee policy	16.76	16.45	15.43	17.34	15.33	0.31	1.02
PS1 75/75 guarantee policy	19.29	18.72	17.36	19.30	16.87	0.57	1.36
PS1 75/100 guarantee policy	18.64	18.15	16.89	18.84	16.52	0.49	1.26
PS1 100/100 guarantee policy	17.78	17.38	16.25	18.20	16.03	0.40	1.13
PS2 75/75 guarantee policy	25.02	23.68	21.43	23.24	19.83	1.34	2.25
PS2 75/100 guarantee policy	25.01	23.67	21.41	23.23	19.81	1.34	2.26
PS2 100/100 guarantee policy	25.02	23.68	21.43	23.24	19.83	1.34	2.25
PS 75/75 guarantee policy	11.32	10.91	10.06	11.11	—	0.41	0.85
PS 75/100 guarantee policy	11.15	10.79	9.97	11.05	—	0.36	0.82
PPS 75/75 guarantee policy	11.55	11.09	10.17	11.18	—	0.46	0.92
PPS 75/100 guarantee policy	11.38	10.96	10.09	11.13	—	0.42	0.87

Global Infrastructure Equity Fund (London Capital) SF515

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Global Infrastructure Equity Fund (London Capital) SF515

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Global Infrastructure Equity Fund (London Capital) SF515

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Global Infrastructure Equity Fund (London Capital) SF515

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) **Stocks**

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

d) **Cash, Short-term Deposits and Overdrafts**

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Global Infrastructure Equity Fund (London Capital) SF515

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Derivatives

Derivatives are classified and measured at fair value. Derivatives are valued using market transactions and other market evidence whenever possible, including market based inputs to models, broker or dealer quotations or alternative pricing sources with reasonable levels of transparency. When models are used, the selection of a particular model to value a derivative depends on the contractual terms of, and specific risks inherent in, the instrument, as well as the availability of pricing information in the market. The Company generally uses similar models to value similar instruments. Valuation models require a variety of inputs, including contractual terms, market prices and rates, yield curves, credit curves, measures volatility, prepayment rates and correlations of such inputs.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Global Infrastructure Equity Fund (London Capital) SF515

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

Global Infrastructure Equity Fund (London Capital) SF515

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Income Allocation

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

Global Infrastructure Equity Fund (London Capital) SF515

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Portfolio units are those units owned by the Asset Allocation Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Global Infrastructure Equity Fund (London Capital) SF515

Notes to the Financial Statements

(in Canadian \$ thousands)

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

7. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative contracts, including forward currency, futures and equity swap contracts, are valued at the gain or loss that would arise as a result of closing the position at the reporting date. Options are recorded at fair value as at the reporting date. The Fund may use derivative contracts to hedge against losses caused by changes in securities prices, interest rates, exchange rates and/or other risks. The Fund may also use derivative contracts for non-hedging purposes in order to invest indirectly in financial markets or to gain exposure to other currencies, provided the use of such derivatives is consistent with the Fund's investment objectives and strategies. Foreign currency risk and exposure may be direct or indirect and can include all or a portion of the currency exposure of an existing investment or group of investments. Any such gain or loss on derivative contracts is recorded as part of net gain (loss) on investments.

As at the reporting date, the unrealized gain (loss) on derivative contracts is reflected on the Statement of Financial Position of the Fund.

The Fund manages derivative credit risk through collateral arrangements where required. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented by the Fund regarding the acceptability of types of collateral and the valuation parameters. The Fund Manager monitors the value of the collateral and requests additional collateral when needed.

Global Infrastructure Equity Fund (London Capital) SF515

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Global Infrastructure Equity Fund (London Capital) SF515

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.95	2.94	2.91	2.90	2.94
75/100 guarantee policy	3.30	3.27	3.24	3.22	3.21
100/100 guarantee policy	3.61	3.60	3.57	3.55	3.54
PS1 75/75 guarantee policy	2.49	2.48	2.46	2.45	2.44
PS1 75/100 guarantee policy	2.84	2.81	2.78	2.77	2.76
PS1 100/100 guarantee policy	3.25	3.25	3.22	3.21	3.19
PS 75/75 guarantee policy	1.84	1.83	1.81	1.81	—
PS 75/100 guarantee policy	2.18	2.16	2.14	2.14	—
PPS 75/75 guarantee policy	1.38	1.37	1.36	1.36	—
PPS 75/100 guarantee policy	1.71	1.70	1.68	1.68	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	96.38	141.60	93.16	89.96	86.30

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
MAXXUM CANADIAN BALANCED FUND (MACKENZIE) SF519

December 31, 2022

Independent Auditor's Report

To the Contractholders of Maxxum Canadian Balanced Fund (Mackenzie) SF519 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Maxxum Canadian Balanced Fund (Mackenzie) SF519

(in Canadian \$ thousands)

Fund Manager: Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ 105
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	186	—
Due from brokers	215	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	200,716	84,274
Total investments	200,716	84,274
Total assets	\$ 201,117	\$ 84,379
Liabilities		
Overdrafts	\$ 189	\$ —
Due to The Canada Life Assurance Company (note 8)	—	27
Due to brokers	—	32
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	189	59
Net assets attributable to contractholders	\$ 200,928	\$ 84,320

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (6,888)	\$ 7,006
Miscellaneous income (loss)	—	—
Total income (loss)	(6,888)	7,006
Expenses		
Management fees (note 8)	2,171	1,439
Other	236	154
Total expenses	2,407	1,593
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (9,295)	\$ 5,413

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year		
	\$ 84,320	\$ 46,263
Contractholder deposits	147,035	38,378
Contractholder withdrawals	(21,132)	(5,734)
Increase (decrease) in net assets from operations attributable to contractholders	(9,295)	5,413
Change in net assets attributable to contractholders	116,608	38,057
Net assets attributable to contractholders - end of year	\$ 200,928	\$ 84,320

Maxxum Canadian Balanced Fund (Mackenzie) SF519

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (9,295)	\$ 5,413
Adjustments		
Realized (gains) losses	610	(344)
Unrealized (gains) losses	11,642	(1,917)
Gross proceeds of disposition of investments	23,858	71,298
Gross payments for the purchase of investments	(147,188)	(102,307)
Distribution income of underlying mutual fund	(5,364)	(4,745)
Change in due from/to The Canada Life Assurance Company	(213)	7
Change in due from/to brokers	(247)	(114)
	<u>(126,197)</u>	<u>(32,709)</u>
Financing Activities		
Contractholder deposits	147,035	38,378
Contractholder withdrawals	(21,132)	(5,734)
	<u>125,903</u>	<u>32,644</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(294)	(65)
Cash, short-term deposits and overdrafts, beginning of year	105	170
Cash, short-term deposits and overdrafts, end of year	\$ (189)	\$ 105

Maxxum Canadian Balanced Fund (Mackenzie) SF519

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Canada Life Strategic Income Fund Series S *	20,027,141	208,849	200,716
Total Investments		208,849	200,716

Top 25 Holdings

Security Description	% of Total
Royal Bank of Canada	2.31%
Mackenzie Global High Yield Fixed Income ETF *	2.07%
Mackenzie Floating Rate Income ETF *	1.86%
The Toronto-Dominion Bank	1.45%
Government of Canada 1.75% 12-01-2053	1.45%
Cash and short-term deposits	1.39%
Mackenzie US Investment Grade Corporate Bond Index ETF *	1.28%
Bank of Montreal	1.27%
Sun Life Financial Inc.	1.20%
Mackenzie Canadian All Corporate Bond Index ETF *	1.18%
Mackenzie Emerging Markets Local Currency Bond Index ETF *	1.03%
Canadian Pacific Railway Ltd.	1.03%
Government of Canada 1.50% 06-01-2031	0.98%
Microsoft Corp.	0.97%
Intact Financial Corp.	0.93%
Canadian National Railway Co.	0.88%
Manulife Financial Corp.	0.85%
Chevron Corp.	0.80%
Canadian Natural Resources Ltd.	0.79%
Suncor Energy Inc.	0.79%
TC Energy Corp.	0.77%
TELUS Corp.	0.75%
Enbridge Inc.	0.74%
United States Treasury Inflation Index 0.13% 02-15-2051	0.74%
Johnson & Johnson Inc.	0.70%

*The issuer of this security is a related company to the issuer of the Fund.

Maxxum Canadian Balanced Fund (Mackenzie) SF519

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 4 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	653,375	378,129	274,386	189,221	208,786	9,185	5,803	3,852	2,540	2,519
75/100 guarantee policy	4,207,103	3,065,107	2,078,209	1,554,147	1,651,815	58,182	46,404	28,841	20,670	19,784
100/100 guarantee policy	114,030	110,493	115,720	141,962	177,117	1,545	1,641	1,578	1,858	2,091
PS1 75/75 guarantee policy	354,805	189,991	60,701	47,220	54,901	5,415	3,155	919	681	709
PS1 75/100 guarantee policy	1,421,785	977,295	395,511	230,288	92,565	21,323	15,972	5,902	3,279	1,182
PS1 100/100 guarantee policy	11,944	11,877	5,667	7,991	77,987	175	190	83	112	981
PS2 75/75 guarantee policy	4,551	3,114	4,772	1,942	1,983	89	65	88	34	30
PS2 75/100 guarantee policy	227,927	200,509	194,194	135,116	14,219	4,457	4,169	3,595	2,328	214
PS2 100/100 guarantee policy	—	—	3,689	4,689	7,093	—	—	68	81	107
PS 75/75 guarantee policy	33,687	9,736	2,580	5,239	3,148	363	113	27	52	28
PS 75/100 guarantee policy	612,224	404,295	94,955	8,160	—	6,526	4,665	993	81	—
PPS 75/75 guarantee policy	31,470	21,294	16,608	3,388	—	344	251	176	34	—
PPS 75/100 guarantee policy	220,502	161,564	13,296	7,517	—	2,396	1,892	141	75	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	14.06	15.35	14.04	13.43	12.06	(1.29)	1.31
75/100 guarantee policy	13.83	15.14	13.88	13.30	11.98	(1.31)	1.26
100/100 guarantee policy	13.55	14.85	13.64	13.09	11.81	(1.30)	1.21
PS1 75/75 guarantee policy	15.26	16.60	15.14	14.42	12.91	(1.34)	1.46
PS1 75/100 guarantee policy	15.00	16.34	14.92	14.24	12.77	(1.34)	1.42
PS1 100/100 guarantee policy	14.65	15.99	14.64	14.00	12.58	(1.34)	1.35
PS2 75/75 guarantee policy	19.56	20.79	18.51	17.23	15.07	(1.23)	2.28
PS2 75/100 guarantee policy	19.56	20.79	18.51	17.23	15.07	(1.23)	2.28
PS2 100/100 guarantee policy	—	—	18.51	17.23	15.07	—	—
PS 75/75 guarantee policy	10.77	11.63	10.52	9.95	8.84	(0.86)	1.11
PS 75/100 guarantee policy	10.66	11.54	10.46	9.92	—	(0.88)	1.08
PPS 75/75 guarantee policy	10.95	11.78	10.62	10.00	—	(0.83)	1.16
PPS 75/100 guarantee policy	10.86	11.71	10.57	9.98	—	(0.85)	1.14

Maxxum Canadian Balanced Fund (Mackenzie) SF519

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Maxxum Canadian Balanced Fund (Mackenzie) SF519 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Maxxum Canadian Balanced Fund (Mackenzie) SF519

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Maxxum Canadian Balanced Fund (Mackenzie) SF519

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Maxxum Canadian Balanced Fund (Mackenzie) SF519

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

Maxxum Canadian Balanced Fund (Mackenzie) SF519

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

Maxxum Canadian Balanced Fund (Mackenzie) SF519

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Maxxum Canadian Balanced Fund (Mackenzie) SF519

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

Maxxum Canadian Balanced Fund (Mackenzie) SF519

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Portfolio units are those units owned by the Asset Allocation Funds. Each Portfolio fund is represented by a separate category.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Maxxum Canadian Balanced Fund (Mackenzie) SF519

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Maxxum Canadian Balanced Fund (Mackenzie) SF519

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Maxxum Canadian Balanced Fund (Mackenzie) SF519

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.65	2.70	2.70	2.70	2.78
75/100 guarantee policy	2.92	2.91	2.91	2.91	2.92
100/100 guarantee policy	3.03	3.08	3.08	3.08	3.10
PS1 75/75 guarantee policy	2.30	2.34	2.32	2.32	2.33
PS1 75/100 guarantee policy	2.46	2.50	2.48	2.48	2.49
PS1 100/100 guarantee policy	2.68	2.73	2.71	2.71	2.72
PS 75/75 guarantee policy	1.50	1.58	1.60	1.59	1.59
PS 75/100 guarantee policy	1.81	1.79	1.80	1.80	—
PPS 75/75 guarantee policy	1.18	1.24	1.21	1.21	—
PPS 75/100 guarantee policy	1.35	1.40	1.38	1.38	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
PS1 75/75 guarantee policy	2.30	2.34	2.35	2.35	2.36
PS1 75/100 guarantee policy	2.46	2.50	2.51	2.51	2.52
PS1 100/100 guarantee policy	2.68	2.73	2.74	2.74	2.75
PPS 75/75 guarantee policy	1.18	1.24	1.24	1.24	—
PPS 75/100 guarantee policy	1.35	1.40	1.41	1.41	—

Portfolio Turnover Rate (%) ⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	15.24	114.89	11.22	123.82	10.04

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
SAXON BALANCED FUND (MACKENZIE) SF520

December 31, 2022

Independent Auditor's Report

To the Contractholders of Saxon Balanced Fund (Mackenzie) SF520 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Saxon Balanced Fund (Mackenzie) SF520

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	1	7
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	20,982	25,719
Total investments	20,982	25,719
Total assets	\$ 20,983	\$ 25,726
Liabilities		
Overdrafts	\$ 1	\$ 7
Due to The Canada Life Assurance Company (note 8)	4	17
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	5	24
Net assets attributable to contractholders	\$ 20,978	\$ 25,702

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (2,226)	\$ 3,779
Miscellaneous income (loss)	—	—
Total income (loss)	(2,226)	3,779
Expenses		
Management fees (note 8)	516	613
Other	51	61
Total expenses	567	674
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (2,793)	\$ 3,105

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year		
	\$ 25,702	\$ 25,332
Contractholder deposits	481	242
Contractholder withdrawals	(2,412)	(2,977)
Increase (decrease) in net assets from operations attributable to contractholders	(2,793)	3,105
Change in net assets attributable to contractholders	(4,724)	370
Net assets attributable to contractholders - end of year	\$ 20,978	\$ 25,702

Saxon Balanced Fund (Mackenzie) SF520

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (2,793)	\$ 3,105
Adjustments		
Realized (gains) losses	(262)	(441)
Unrealized (gains) losses	2,638	(2,443)
Gross proceeds of disposition of investments	2,918	3,588
Gross payments for the purchase of investments	(407)	(143)
Distribution income of underlying mutual fund	(150)	(895)
Change in due from/to The Canada Life Assurance Company	(13)	(36)
Change in due from/to brokers	6	23
	<u>1,937</u>	<u>2,758</u>
Financing Activities		
Contractholder deposits	481	242
Contractholder withdrawals	(2,412)	(2,977)
	<u>(1,931)</u>	<u>(2,735)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	6	23
Cash, short-term deposits and overdrafts, beginning of year	<u>(7)</u>	<u>(30)</u>
Cash, short-term deposits and overdrafts, end of year	<u>\$ (1)</u>	<u>\$ (7)</u>

Saxon Balanced Fund (Mackenzie) SF520

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Mackenzie Canadian Growth Balanced Fund Series S *	1,823,571	19,220	20,982
Total Investments		19,220	20,982

Top 25 Holdings

Security Description	% of Total
Cash and short-term deposits	11.68%
Stantec Inc.	3.56%
Aon Corp.	3.00%
TELUS Corp.	2.98%
Royal Bank of Canada	2.96%
Accenture PLC Class A	2.64%
Keysight Technologies Inc.	2.62%
Intact Financial Corp.	2.55%
Canadian National Railway Co.	2.49%
Danaher Corp.	2.46%
ON Semiconductor Corp.	2.42%
Thomson Reuters Corp.	2.41%
Premium Brands Holdings Corp.	2.36%
Becton, Dickinson and Co.	2.30%
Jacobs Solutions Inc.	2.28%
Dollarama Inc.	2.13%
CAE Inc.	2.00%
Thermo Fisher Scientific Inc.	1.98%
Boyd Group Services Inc.	1.86%
BRP Inc.	1.78%
Amphenol Corp. Class A	1.69%
Nutrien Ltd.	1.69%
Linde PLC	1.60%
Schneider Electric SA	1.37%
Alcon Inc. ADR	1.36%

*The issuer of this security is a related company to the issuer of the Fund.

Saxon Balanced Fund (Mackenzie) SF520

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	123,442	139,101	152,217	194,292	179,499	1,903	2,409	2,332	2,717	2,162
75/100 guarantee policy	811,510	910,863	1,044,003	1,222,629	1,070,899	12,328	15,576	15,823	16,954	12,815
100/100 guarantee policy	69,677	82,389	100,125	122,578	122,089	1,037	1,383	1,492	1,674	1,441
PS1 75/75 guarantee policy	42,597	39,751	52,240	44,405	10,037	754	787	912	705	137
PS1 75/100 guarantee policy	214,865	220,593	219,510	295,328	257,181	3,740	4,305	3,782	4,636	3,469
PS1 100/100 guarantee policy	20,275	13,709	6,102	10,500	20,015	344	262	103	162	266
PS2 75/75 guarantee policy	10,220	9,235	10,090	11,086	11,904	231	229	215	210	190
PS2 75/100 guarantee policy	28,286	30,298	31,556	37,686	34,650	641	751	673	715	551
PS 75/100 guarantee policy	—	—	—	846	—	—	—	—	9	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	15.42	17.32	15.32	13.99	12.05	(1.90)	2.00
75/100 guarantee policy	15.19	17.10	15.16	13.87	11.97	(1.91)	1.94
100/100 guarantee policy	14.89	16.78	14.90	13.66	11.80	(1.89)	1.88
PS1 75/75 guarantee policy	17.70	19.81	17.46	15.88	13.63	(2.11)	2.35
PS1 75/100 guarantee policy	17.41	19.52	17.23	15.70	13.49	(2.11)	2.29
PS1 100/100 guarantee policy	16.99	19.09	16.89	15.42	13.28	(2.10)	2.20
PS2 75/75 guarantee policy	22.64	24.78	21.33	18.96	15.90	(2.14)	3.45
PS2 75/100 guarantee policy	22.65	24.79	21.34	18.97	15.90	(2.14)	3.45
PS 75/100 guarantee policy	—	—	—	10.81	—	—	—

Saxon Balanced Fund (Mackenzie) SF520

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Saxon Balanced Fund (Mackenzie) SF520 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Saxon Balanced Fund (Mackenzie) SF520

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Saxon Balanced Fund (Mackenzie) SF520

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Saxon Balanced Fund (Mackenzie) SF520

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

Saxon Balanced Fund (Mackenzie) SF520

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

Saxon Balanced Fund (Mackenzie) SF520

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Saxon Balanced Fund (Mackenzie) SF520

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

Saxon Balanced Fund (Mackenzie) SF520

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Saxon Balanced Fund (Mackenzie) SF520

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Saxon Balanced Fund (Mackenzie) SF520

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Saxon Balanced Fund (Mackenzie) SF520

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.63	2.69	2.69	2.69	2.72
75/100 guarantee policy	2.81	2.90	2.90	2.90	2.87
100/100 guarantee policy	2.98	3.07	3.07	3.06	3.04
PS1 75/75 guarantee policy	2.24	2.35	2.31	2.30	2.29
PS1 75/100 guarantee policy	2.41	2.51	2.48	2.47	2.45
PS1 100/100 guarantee policy	2.63	2.71	2.71	2.70	2.67
PS 75/100 guarantee policy	—	—	—	1.77	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
PS1 75/75 guarantee policy	2.24	2.35	2.34	2.33	2.32
PS1 75/100 guarantee policy	2.41	2.51	2.51	2.50	2.48
PS1 100/100 guarantee policy	2.63	2.71	2.74	2.73	2.70

Portfolio Turnover Rate (%) ⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	1.82	0.56	1.65	23.78	126.62

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
SENTINEL INCOME FUND (MACKENZIE) SF521

December 31, 2022

Independent Auditor's Report

To the Contractholders of Sentinel Income Fund (Mackenzie) SF521 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Sentinel Income Fund (Mackenzie) SF521

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ 528
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	122
Due from brokers	177	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	347,706	408,974
Total investments	347,706	408,974
Total assets	\$ 347,883	\$ 409,624
Liabilities		
Overdrafts	\$ 217	\$ —
Due to The Canada Life Assurance Company (note 8)	112	—
Due to brokers	—	370
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	329	370
Net assets attributable to contractholders	\$ 347,554	\$ 409,254

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (37,093)	\$ 17,776
Miscellaneous income (loss)	—	—
Total income (loss)	(37,093)	17,776
Expenses		
Management fees (note 8)	6,890	5,505
Other	803	618
Total expenses	7,693	6,123
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (44,786)	\$ 11,653

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 409,254	\$ 216,756
Contractholder deposits	26,594	208,392
Contractholder withdrawals	(43,508)	(27,547)
Increase (decrease) in net assets from operations attributable to contractholders	(44,786)	11,653
Change in net assets attributable to contractholders	(61,700)	192,498
Net assets attributable to contractholders - end of year	\$ 347,554	\$ 409,254

Sentinel Income Fund (Mackenzie) SF521

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (44,786)	\$ 11,653
Adjustments		
Realized (gains) losses	5,346	(153)
Unrealized (gains) losses	43,452	(3,889)
Gross proceeds of disposition of investments	68,332	5,086
Gross payments for the purchase of investments	(44,157)	(179,766)
Distribution income of underlying mutual fund	(11,705)	(13,734)
Change in due from/to The Canada Life Assurance Company	234	(20)
Change in due from/to brokers	(547)	354
	<u>16,169</u>	<u>(180,469)</u>
Financing Activities		
Contractholder deposits	26,594	208,392
Contractholder withdrawals	(43,508)	(27,547)
	<u>(16,914)</u>	<u>180,845</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(745)	376
Cash, short-term deposits and overdrafts, beginning of year	528	152
Cash, short-term deposits and overdrafts, end of year	\$ (217)	\$ 528

Sentinel Income Fund (Mackenzie) SF521

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Mackenzie Income Fund Series S *	43,477,381	379,299	347,706
Total Investments		379,299	347,706

Top 25 Holdings

Security Description	% of Total
Government of Canada 1.50% 12-01-2031	4.81%
Government of Canada 2.00% 06-01-2032	3.36%
Province of Ontario 3.75% 12-02-2053	3.15%
Province of Ontario 3.75% 06-02-2032	2.94%
Government of Canada 2.75% 08-01-2024	1.87%
Mackenzie Emerging Markets Local Currency Bond Index ETF *	1.86%
Province of Quebec 4.40% 12-01-2055	1.53%
Government of Canada 1.50% 06-01-2031	1.45%
Royal Bank of Canada	1.41%
Province of Alberta 3.10% 06-01-2050	1.30%
Mackenzie Canadian Aggregate Bond Index ETF *	1.11%
Province of Quebec 3.25% 09-01-2032	1.01%
Mackenzie Credit Absolute Return Fund Series R *	1.00%
Province of Alberta 2.95% 06-01-2052	0.89%
The Toronto-Dominion Bank	0.88%
Bank of Montreal	0.77%
Sun Life Financial Inc.	0.73%
Canadian Pacific Railway Ltd.	0.63%
Government of Canada 0.50% 12-01-2050 Real Return	0.59%
United States Treasury 2.75% 08-15-2032	0.59%
Intact Financial Corp.	0.57%
Canadian National Railway Co.	0.54%
Mackenzie Global Sustainable Bond ETF *	0.52%
Manulife Financial Corp.	0.51%
Province of British Columbia 1.55% 06-18-2031	0.51%

*The issuer of this security is a related company to the issuer of the Fund.

Sentinel Income Fund (Mackenzie) SF521

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	2,737,809	3,007,019	1,729,101	785,515	362,827	38,849	47,680	26,570	11,329	4,759
75/100 guarantee policy	10,037,888	10,467,270	6,463,007	3,325,445	1,734,764	141,237	164,664	98,584	47,636	22,614
100/100 guarantee policy	288,903	338,190	292,999	282,226	242,701	4,003	5,242	4,406	3,988	3,123
PS1 75/75 guarantee policy	2,239,879	2,682,395	1,163,008	226,259	51,737	31,499	42,073	17,645	3,215	667
PS1 75/100 guarantee policy	6,215,457	5,873,049	2,694,592	1,048,152	470,468	86,935	91,673	40,707	14,838	6,048
PS1 100/100 guarantee policy	52,487	136,527	85,879	87,812	3,642	723	2,101	1,280	1,227	46
PS2 75/75 guarantee policy	152,100	132,206	47,935	49,729	13,608	2,673	2,539	872	830	202
PS2 75/100 guarantee policy	695,708	696,309	429,807	370,256	269,563	12,257	13,403	7,837	6,196	4,012
PS2 100/100 guarantee policy	9,783	9,924	52,965	10,230	10,385	172	191	965	171	154
PS 75/75 guarantee policy	181,839	215,325	132,910	67,841	—	1,997	2,613	1,546	732	—
PS 75/100 guarantee policy	1,480,938	1,646,314	958,339	471,647	14,966	16,224	19,941	11,131	5,088	145
PPS 75/75 guarantee policy	289,870	364,355	151,603	28,902	2,576	3,212	4,454	1,773	313	25
PPS 75/100 guarantee policy	702,503	906,606	286,543	196,172	51,294	7,765	11,059	3,346	2,123	499
PPS 100/100 guarantee policy	745	133,107	8,058	—	—	8	1,621	94	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	14.19	15.86	15.37	14.42	13.12	(1.67)	0.49
75/100 guarantee policy	14.07	15.73	15.25	14.32	13.04	(1.66)	0.48
100/100 guarantee policy	13.86	15.50	15.04	14.13	12.87	(1.64)	0.46
PS1 75/75 guarantee policy	14.06	15.68	15.17	14.21	12.90	(1.62)	0.51
PS1 75/100 guarantee policy	13.99	15.61	15.11	14.16	12.86	(1.62)	0.50
PS1 100/100 guarantee policy	13.78	15.39	14.90	13.97	12.70	(1.61)	0.49
PS2 75/75 guarantee policy	17.58	19.20	18.19	16.69	14.85	(1.62)	1.01
PS2 75/100 guarantee policy	17.62	19.25	18.23	16.73	14.88	(1.63)	1.02
PS2 100/100 guarantee policy	17.60	19.23	18.22	16.72	14.87	(1.63)	1.01
PS 75/75 guarantee policy	10.98	12.14	11.63	10.80	—	(1.16)	0.51
PS 75/100 guarantee policy	10.95	12.11	11.61	10.79	9.71	(1.16)	0.50
PPS 75/75 guarantee policy	11.08	12.22	11.69	10.83	9.72	(1.14)	0.53
PPS 75/100 guarantee policy	11.05	12.20	11.68	10.82	9.72	(1.15)	0.52
PPS 100/100 guarantee policy	11.03	12.18	11.66	—	—	(1.15)	0.52

Sentinel Income Fund (Mackenzie) SF521

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Sentinel Income Fund (Mackenzie) SF521 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Sentinel Income Fund (Mackenzie) SF521

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Sentinel Income Fund (Mackenzie) SF521

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Sentinel Income Fund (Mackenzie) SF521

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

Sentinel Income Fund (Mackenzie) SF521

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

Sentinel Income Fund (Mackenzie) SF521

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Sentinel Income Fund (Mackenzie) SF521

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

Sentinel Income Fund (Mackenzie) SF521

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Sentinel Income Fund (Mackenzie) SF521

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Sentinel Income Fund (Mackenzie) SF521

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Sentinel Income Fund (Mackenzie) SF521

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.26	2.26	2.25	2.24	2.30
75/100 guarantee policy	2.31	2.32	2.30	2.30	2.36
100/100 guarantee policy	2.37	2.38	2.36	2.35	2.46
PS1 75/75 guarantee policy	2.07	2.08	2.03	2.02	2.05
PS1 75/100 guarantee policy	2.12	2.13	2.08	2.08	2.09
PS1 100/100 guarantee policy	2.21	2.19	2.15	2.14	2.20
PS 75/75 guarantee policy	1.14	1.16	1.15	1.14	—
PS 75/100 guarantee policy	1.20	1.21	1.20	1.19	1.17
PPS 75/75 guarantee policy	0.96	0.97	0.93	0.91	0.90
PPS 75/100 guarantee policy	1.01	1.02	0.99	0.98	0.96
PPS 100/100 guarantee policy	1.11	1.07	1.05	—	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
PS1 75/75 guarantee policy	2.07	2.08	2.06	2.05	2.08
PS1 75/100 guarantee policy	2.12	2.13	2.11	2.11	2.12
PS1 100/100 guarantee policy	2.21	2.19	2.18	2.17	2.23
PPS 75/75 guarantee policy	0.96	0.97	0.96	0.94	0.93
PPS 75/100 guarantee policy	1.01	1.02	1.02	1.01	0.99
PPS 100/100 guarantee policy	1.11	1.07	1.08	—	—

Portfolio Turnover Rate (%) ⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	11.47	1.68	4.14	4.53	22.31

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

U.S. DIVIDEND FUND (GWLIM) SF522

December 31, 2022

Independent Auditor's Report

To the Contractholders of U.S. Dividend Fund (GWLIM) SF522 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

U.S. Dividend Fund (GWLIM) SF522

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 13,349	\$ 5,150
Investment income due and accrued	393	285
Due from The Canada Life Assurance Company (note 7)	1	86
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	—	—
Stocks	356,517	315,545
Investment fund units	—	—
Total investments	356,517	315,545
Total assets	\$ 370,260	\$ 321,066
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 370,260	\$ 321,066

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (6,865)	\$ 59,140
Miscellaneous income (loss)	303	120
Total income (loss)	(6,562)	59,260
Expenses		
Management fees (note 7)	7,458	5,829
Transaction costs	148	66
Withholding taxes	1,118	748
Other	754	566
Total expenses	9,478	7,209
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (16,040)	\$ 52,051

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 321,066	\$ 222,185
Contractholder deposits	97,023	70,902
Contractholder withdrawals	(31,789)	(24,072)
Increase (decrease) in net assets from operations attributable to contractholders	(16,040)	52,051
Change in net assets attributable to contractholders	49,194	98,881
Net assets attributable to contractholders - end of year	\$ 370,260	\$ 321,066

U.S. Dividend Fund (GWLIM) SF522

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (16,040)	\$ 52,051
Adjustments		
Realized (gains) losses	(6,661)	(17,276)
Unrealized (gains) losses	22,061	(36,145)
Gross proceeds of disposition of investments	185,084	92,884
Gross payments for the purchase of investments	(241,456)	(133,980)
Change in investment income due and accrued	(108)	(71)
Change in due from/to The Canada Life Assurance Company	85	240
Change in due from/to brokers	—	—
Change in due from/to outside parties	—	—
	<u>(57,035)</u>	<u>(42,297)</u>
Financing Activities		
Contractholder deposits	97,023	70,902
Contractholder withdrawals	(31,789)	(24,072)
	<u>65,234</u>	<u>46,830</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	8,199	4,533
Cash, short-term deposits and overdrafts, beginning of year	5,150	617
Cash, short-term deposits and overdrafts, end of year	<u>\$ 13,349</u>	<u>\$ 5,150</u>
Supplementary cash flow information		
Dividend income received	\$ 8,119	\$ 5,643

U.S. Dividend Fund (GWLIM) SF522

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Common Stock			
Materials			
Nutrien Ltd.	34,096	3,283	3,371
Total Canadian Common Stock		3,283	3,371
United States Common Stock			
Communication Services			
AT&T Inc.	348,906	9,261	8,695
The Walt Disney Co.	23,916	4,152	2,813
T-Mobile US Inc.	44,870	7,863	8,504
Verizon Communications Inc.	102,152	6,669	5,448
Consumer Discretionary			
Dick's Sporting Goods Inc.	20,717	3,243	3,374
Dollar General Corp.	20,648	6,494	6,883
McDonald's Corp.	29,090	8,227	10,379
Texas Roadhouse Inc.	20,305	2,571	2,500
The TJX Companies Inc.	76,710	6,275	8,266
Consumer Staples			
Constellation Brands Inc. Class A	23,473	6,830	7,364
CVS Health Corp.	46,771	5,384	5,900
Mondelez International Inc.	50,060	3,894	4,517
Philip Morris International Inc.	45,516	5,664	6,236
The Coca-Cola Co.	100,862	8,038	8,685
Walmart Inc.	34,303	5,781	6,584
Energy			
Chesapeake Energy Corp.	40,329	3,901	5,152
Chevron Corp.	42,589	6,413	10,348
Diamondback Energy Inc.	33,907	4,034	6,278
Exxon Mobil Corp.	59,540	7,103	8,890
The Williams Companies Inc.	125,075	5,360	5,571
Exchange Traded Funds			
SPDR S&P Regional Banking ETF	22,818	1,986	1,814

U.S. Dividend Fund (GWLIM) SF522

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock (continued)			
Financials			
Apple Hospitality REIT Inc.	82,208	1,903	1,756
Arthur J. Gallagher & Co.	29,658	6,045	7,570
Bank of America Corp.	105,262	4,550	4,719
BlackRock Inc.	2,276	1,687	2,183
JPMorgan Chase & Co.	34,309	4,894	6,228
Morgan Stanley	54,575	4,721	6,281
The Hartford Financial Services Group Inc.	70,004	6,286	7,186
Health Care			
AbbVie Inc.	47,386	7,213	10,367
Bristol-Myers Squibb Co.	74,977	7,000	7,303
Elevance Health Inc.	14,577	6,561	10,123
Eli Lilly and Co.	20,267	7,250	10,037
Johnson & Johnson Inc.	30,040	5,831	7,184
Merck & Co. Inc.	70,976	7,875	10,661
Pfizer Inc.	85,890	5,169	5,958
Industrials			
Honeywell International Inc.	25,831	6,079	7,491
Jacobs Solutions Inc.	18,934	3,071	3,078
Northrop Grumman Corp.	12,314	7,916	9,095
Republic Services Inc.	37,733	6,093	6,589
Union Pacific Corp.	17,111	3,778	4,797
Information Technology			
Analog Devices Inc.	27,498	5,855	6,106
Apple Inc.	20,256	2,540	3,563
Broadcom Inc.	8,295	4,214	6,279
Cisco Systems Inc.	102,407	5,879	6,604
IBM Corp.	35,140	6,550	6,702
Microsoft Corp.	17,144	3,792	5,566
Motorola Solutions Inc.	24,889	6,895	8,683
Materials			
Air Products and Chemicals Inc.	18,167	5,807	7,581
Albemarle Corp.	4,491	1,793	1,318

U.S. Dividend Fund (GWLIM) SF522

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
United States Common Stock (continued)			
Utilities			
American Electric Power Co. Inc.	64,496	8,353	8,284
Exelon Corp.	130,588	6,194	7,642
Sempra Energy	42,212	7,655	8,831
Total United States Common Stock		288,592	339,966
Global Common Stock			
Ireland			
Accenture PLC Class A	12,634	3,910	4,564
Eaton Corp. PLC	40,552	6,071	8,616
Total Global Common Stock		9,981	13,180
Total Stocks		301,856	356,517
Transaction Costs (note 2)		(103)	
Total Investments		301,753	356,517

U.S. Dividend Fund (GWLIM) SF522

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the U.S. Dividend Fund (GWLIM) SF522 (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2022 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2022

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 356,517	\$ 168	\$ 356,685	\$ 3,567
Total	\$ 356,517	\$ 168	\$ 356,685	\$ 3,567
As Percent of Net Assets Attributable to Contractholders			96.3%	1.0%

*Includes both monetary and non-monetary instruments

U.S. Dividend Fund (GWLIM) SF522

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 315,545	\$ 172	\$ 315,717	\$ 3,157
Total	\$ 315,545	\$ 172	\$ 315,717	\$ 3,157
As Percent of Net Assets Attributable to Contractholders			98.3%	1.0%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2022, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$3,565 (\$3,155 at December 31, 2021) or approximately 1.0% (1.0% at December 31, 2021) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

Assets measured at fair value	2022			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 356,517	\$ —	\$ —	\$ 356,517
Total assets measured at fair value	\$ 356,517	\$ —	\$ —	\$ 356,517

Assets measured at fair value	2021			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 315,545	\$ —	\$ —	\$ 315,545
Total assets measured at fair value	\$ 315,545	\$ —	\$ —	\$ 315,545

There were no significant transfers between Level 1 and Level 2 during 2022 or 2021.

U.S. Dividend Fund (GWLIM) SF522

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	2,121,100	1,772,107	1,633,977	1,394,418	1,141,257	56,337	49,597	37,748	31,016	21,591
75/100 guarantee policy	4,441,408	3,954,232	3,567,503	3,227,257	2,705,526	115,848	108,922	81,292	70,959	50,708
100/100 guarantee policy	434,956	400,940	429,896	496,613	514,585	11,055	10,791	9,598	10,727	9,501
PS1 75/75 guarantee policy	1,614,982	1,256,080	866,771	694,751	503,549	44,904	36,634	20,772	15,958	9,793
PS1 75/100 guarantee policy	3,644,677	2,712,543	2,041,675	1,654,727	1,234,459	98,747	77,300	47,938	37,340	23,651
PS1 100/100 guarantee policy	176,287	169,379	150,434	203,664	264,148	4,601	4,668	3,429	4,479	4,950
PS2 75/75 guarantee policy	159,546	127,875	132,317	164,814	107,725	5,459	4,490	3,735	4,363	2,362
PS2 75/100 guarantee policy	539,244	449,609	341,514	363,641	368,878	18,452	15,787	9,639	9,625	8,089
PS2 100/100 guarantee policy	16,778	13,795	13,368	20,717	13,549	573	484	377	548	297
PS 75/75 guarantee policy	83,936	44,857	28,703	11,451	—	1,201	669	349	133	—
PS 75/100 guarantee policy	291,836	135,030	86,713	58,428	972	4,135	1,998	1,050	675	9
PS 100/100 guarantee policy	—	—	—	6,774	—	—	—	—	78	—
PPS 75/75 guarantee policy	256,778	132,122	54,332	5,767	1,998	3,749	2,001	669	67	20
PPS 75/100 guarantee policy	356,297	210,818	122,103	132,792	55,842	5,139	3,163	1,493	1,544	545
PPS 100/100 guarantee policy	4,214	2,589	917	31,136	37,960	60	38	11	360	370

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	26.56	27.99	23.10	22.24	18.92	(1.43)	4.89
75/100 guarantee policy	26.08	27.55	22.79	21.99	18.74	(1.47)	4.76
100/100 guarantee policy	25.42	26.91	22.33	21.60	18.46	(1.49)	4.58
PS1 75/75 guarantee policy	27.80	29.17	23.96	22.97	19.45	(1.37)	5.21
PS1 75/100 guarantee policy	27.09	28.50	23.48	22.57	19.16	(1.41)	5.02
PS1 100/100 guarantee policy	26.10	27.56	22.79	21.99	18.74	(1.46)	4.77
PS2 75/75 guarantee policy	34.22	35.11	28.22	26.47	21.93	(0.89)	6.89
PS2 75/100 guarantee policy	34.22	35.11	28.22	26.47	21.93	(0.89)	6.89
PS2 100/100 guarantee policy	34.19	35.08	28.20	26.45	21.91	(0.89)	6.88
PS 75/75 guarantee policy	14.31	14.91	12.17	11.59	—	(0.60)	2.74
PS 75/100 guarantee policy	14.17	14.80	12.11	11.56	9.74	(0.63)	2.69
PS 100/100 guarantee policy	—	—	—	11.51	—	—	—
PPS 75/75 guarantee policy	14.60	15.15	12.31	11.67	9.78	(0.55)	2.84
PPS 75/100 guarantee policy	14.42	15.00	12.23	11.62	9.76	(0.58)	2.77
PPS 100/100 guarantee policy	14.18	14.81	12.11	11.56	9.75	(0.63)	2.70

U.S. Dividend Fund (GWLIM) SF522

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

U.S. Dividend Fund (GWLIM) SF522

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

U.S. Dividend Fund (GWLIM) SF522

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

U.S. Dividend Fund (GWLIM) SF522

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) **Stocks**

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

d) **Cash, Short-term Deposits and Overdrafts**

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

U.S. Dividend Fund (GWLIM) SF522

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

U.S. Dividend Fund (GWLIM) SF522

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

U.S. Dividend Fund (GWLIM) SF522

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

U.S. Dividend Fund (GWLIM) SF522

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

U.S. Dividend Fund (GWLIM) SF522

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

U.S. Dividend Fund (GWLIM) SF522

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.65	2.65	2.63	2.63	2.66
75/100 guarantee policy	2.87	2.86	2.85	2.85	2.86
100/100 guarantee policy	3.15	3.14	3.12	3.13	3.14
PS1 75/75 guarantee policy	2.19	2.19	2.18	2.18	2.19
PS1 75/100 guarantee policy	2.47	2.46	2.45	2.45	2.46
PS1 100/100 guarantee policy	2.86	2.85	2.84	2.84	2.83
PS 75/75 guarantee policy	1.55	1.55	1.54	1.54	—
PS 75/100 guarantee policy	1.76	1.77	1.76	1.75	1.76
PS 100/100 guarantee policy	—	—	—	2.03	—
PPS 75/75 guarantee policy	1.09	1.09	1.08	1.09	1.09
PPS 75/100 guarantee policy	1.37	1.37	1.36	1.36	1.36
PPS 100/100 guarantee policy	1.75	1.74	1.78	1.75	1.74

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	56.47	36.03	35.17	45.27	32.64

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
FLOATING RATE INCOME FUND (MF) SF526

December 31, 2022

Independent Auditor's Report

To the Contractholders of Floating Rate Income Fund (MF) SF526 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Floating Rate Income Fund (MF) SF526

(in Canadian \$ thousands)

Fund Manager: Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 9	\$ 206
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	113
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	57,809	46,522
Total investments	57,809	46,522
Total assets	\$ 57,818	\$ 46,841
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	56	—
Due to brokers	75	153
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	131	153
Net assets attributable to contractholders	\$ 57,687	\$ 46,688

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (2,587)	\$ 1,859
Miscellaneous income (loss)	—	—
Total income (loss)	(2,587)	1,859
Expenses		
Management fees (note 8)	948	627
Other	105	67
Total expenses	1,053	694
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (3,640)	\$ 1,165

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 46,688	\$ 30,170
Contractholder deposits	23,095	20,155
Contractholder withdrawals	(8,456)	(4,802)
Increase (decrease) in net assets from operations attributable to contractholders	(3,640)	1,165
Change in net assets attributable to contractholders	10,999	16,518
Net assets attributable to contractholders - end of year	\$ 57,687	\$ 46,688

Floating Rate Income Fund (MF) SF526

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (3,640)	\$ 1,165
Adjustments		
Realized (gains) losses	665	2,017
Unrealized (gains) losses	5,366	(2,106)
Gross proceeds of disposition of investments	12,125	35,974
Gross payments for the purchase of investments	(25,999)	(50,428)
Distribution income of underlying mutual fund	(3,444)	(1,770)
Change in due from/to The Canada Life Assurance Company	169	(139)
Change in due from/to brokers	(78)	157
	<u>(14,836)</u>	<u>(15,130)</u>
Financing Activities		
Contractholder deposits	23,095	20,155
Contractholder withdrawals	(8,456)	(4,802)
	<u>14,639</u>	<u>15,353</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(197)	223
Cash, short-term deposits and overdrafts, beginning of year	<u>206</u>	<u>(17)</u>
Cash, short-term deposits and overdrafts, end of year	<u>\$ 9</u>	<u>\$ 206</u>

Floating Rate Income Fund (MF) SF526

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Canada Life Floating Rate Income Fund Series S *	7,117,576	63,433	57,809
Total Investments		63,433	57,809

Top 25 Holdings

Security Description	% of Total
Cash and short-term deposits	2.17%
Canada Housing Trust No. 1 Floating Rate 09-15-2026	2.12%
OpenMarket Inc. Term Loan 1st Lien 7.00% 09-17-2026	1.98%
iShares iBoxx High Yield Corporate Bond ETF	1.29%
Hunter Douglas Inc. Term Loan B 1st Lien Floating Rate 02-09-2029	1.24%
Bank of America Corp. Floating Rate 03-16-2026	1.13%
Northleaf Private Credit II LP MI 15	1.01%
Schweitzer-Mauduit International Inc. Term Loan B 1st Lien Floating Rate 02-23-2028	0.96%
KP Germany Erste GmbH Term Loan B 1st Lien Floating Rate 02-04-2026	0.96%
Magenta Buyer LLC Term Loan 1st Lien Floating Rate 05-03-2028	0.96%
ION Trading Finance Ltd. Term Loan B 1st Lien Floating Rate 03-26-2028	0.95%
Plaskolite PPC Intermediate II LLC Term Loan 1st Lien Floating Rate 12-14-2025	0.93%
Spectrum Group Buyer Inc. Term Loan B 1st Lien 7.77% 05-11-2028	0.91%
Timber Servicios Empresariales SA Term Loan B 1st Lien Floating Rate 02-17-2029	0.88%
AIT Worldwide Logistics Holdings Inc. Term Loan 1st Lien Floating Rate 04-01-2028	0.88%
WireCo WorldGroup Inc. Term Loan B 1st Lien Floating Rate 10-29-2028	0.88%
Creation Technologies Inc. Term Loan B 1st Lien Floating Rate 09-24-2028	0.88%
Garda World Security Corp. Term Loan B 1st Lien Floating Rate 02-10-2029	0.87%
TIBCO Software Inc. Term Loan B 1st Lien Floating Rate 03-20-2029	0.86%
Jadex Inc. Term Loan 1st Lien Floating Rate 02-12-2028	0.85%
Ivanti Software Inc. Term Loan B 1st Lien Floating Rate 12-01-2027	0.83%
LifeScan Global Corp. Term Loan 1st Lien Floating Rate 06-19-2024	0.83%
Weber-Stephen Products LLC Term Loan 1st Lien Floating Rate 10-30-2027	0.82%
Think & Learn Private Ltd. Term Loan B 1st Lien Floating Rate 11-05-2026	0.81%
Alchemy US Holdco LLC Term Loan B 1st Lien Floating Rate 10-01-2025	0.79%

*The issuer of this security is a related company to the issuer of the Fund.

Floating Rate Income Fund (MF) SF526

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	764,879	608,857	490,309	488,229	498,071	8,544	7,275	5,678	5,784	5,690
75/100 guarantee policy	1,646,587	1,221,281	1,008,972	992,503	925,791	18,242	14,488	11,613	11,700	10,534
100/100 guarantee policy	106,096	91,658	83,217	120,261	155,588	1,160	1,075	948	1,406	1,759
PS1 75/75 guarantee policy	523,252	477,398	228,353	224,389	321,618	6,123	5,941	2,738	2,737	3,760
PS1 75/100 guarantee policy	1,217,699	855,401	485,167	800,743	581,067	14,127	10,565	5,781	9,714	6,765
PS1 100/100 guarantee policy	65,685	60,855	43,088	71,518	97,313	752	743	509	861	1,126
PS2 75/75 guarantee policy	106,511	205,104	61,277	49,726	73,982	1,422	2,864	811	658	923
PS2 75/100 guarantee policy	223,166	137,818	105,427	243,452	248,426	2,980	1,924	1,395	3,222	3,101
PS 75/75 guarantee policy	17,121	11,528	16,001	32,504	8,711	168	121	161	333	86
PS 75/100 guarantee policy	237,969	72,944	36,151	17,857	3,172	2,326	759	363	183	31
PS 100/100 guarantee policy	—	—	—	2,263	—	—	—	—	23	—
PPS 75/75 guarantee policy	52,854	28,593	8,639	—	—	533	305	88	—	—
PPS 75/100 guarantee policy	114,871	56,448	7,542	14,036	14,123	1,153	600	77	145	139
PPS 100/100 guarantee policy	15,728	2,688	769	21,132	25,275	157	28	8	218	249

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	11.17	11.95	11.58	11.85	11.42	(0.78)	0.37
75/100 guarantee policy	11.08	11.86	11.51	11.79	11.38	(0.78)	0.35
100/100 guarantee policy	10.93	11.73	11.40	11.69	11.30	(0.80)	0.33
PS1 75/75 guarantee policy	11.70	12.44	11.99	12.20	11.69	(0.74)	0.45
PS1 75/100 guarantee policy	11.60	12.35	11.92	12.13	11.64	(0.75)	0.43
PS1 100/100 guarantee policy	11.45	12.21	11.80	12.04	11.57	(0.76)	0.41
PS2 75/75 guarantee policy	13.35	13.96	13.23	13.24	12.48	(0.61)	0.73
PS2 75/100 guarantee policy	13.35	13.96	13.23	13.24	12.48	(0.61)	0.73
PS 75/75 guarantee policy	9.82	10.45	10.07	10.25	9.83	(0.63)	0.38
PS 75/100 guarantee policy	9.78	10.41	10.04	10.23	9.82	(0.63)	0.37
PS 100/100 guarantee policy	—	—	—	10.21	—	—	—
PPS 75/75 guarantee policy	10.08	10.66	10.22	—	—	(0.58)	0.44
PPS 75/100 guarantee policy	10.03	10.62	10.19	10.32	9.85	(0.59)	0.43
PPS 100/100 guarantee policy	9.96	10.57	10.15	10.30	9.84	(0.61)	0.42

Floating Rate Income Fund (MF) SF526

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Floating Rate Income Fund (MF) SF526 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Floating Rate Income Fund (MF) SF526

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Floating Rate Income Fund (MF) SF526

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Floating Rate Income Fund (MF) SF526

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

Floating Rate Income Fund (MF) SF526

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

Floating Rate Income Fund (MF) SF526

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Floating Rate Income Fund (MF) SF526

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

Floating Rate Income Fund (MF) SF526

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Floating Rate Income Fund (MF) SF526

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Floating Rate Income Fund (MF) SF526

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Floating Rate Income Fund (MF) SF526

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.27	2.26	2.24	2.23	2.24
75/100 guarantee policy	2.38	2.37	2.35	2.34	2.35
100/100 guarantee policy	2.55	2.53	2.52	2.51	2.51
PS1 75/75 guarantee policy	1.70	1.68	1.65	1.64	1.65
PS1 75/100 guarantee policy	1.81	1.79	1.77	1.75	1.76
PS1 100/100 guarantee policy	1.98	1.96	1.93	1.92	1.92
PS 75/75 guarantee policy	1.71	1.71	1.70	1.68	1.69
PS 75/100 guarantee policy	1.82	1.81	1.80	1.79	1.80
PS 100/100 guarantee policy	—	—	—	1.96	—
PPS 75/75 guarantee policy	1.14	1.13	1.10	—	—
PPS 75/100 guarantee policy	1.25	1.23	1.22	1.20	1.21
PPS 100/100 guarantee policy	1.41	1.40	1.40	1.37	1.37

Unsubsidized Management Expense Ratio (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
PS1 75/75 guarantee policy	1.70	1.68	1.67	1.66	1.67
PS1 75/100 guarantee policy	1.81	1.79	1.79	1.77	1.78
PS1 100/100 guarantee policy	1.98	1.96	1.95	1.94	1.94
PPS 75/75 guarantee policy	1.14	1.13	1.12	—	—
PPS 75/100 guarantee policy	1.25	1.23	1.24	1.22	1.23
PPS 100/100 guarantee policy	1.41	1.40	1.42	1.39	1.39

Portfolio Turnover Rate (%) ⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	21.62	97.43	32.42	35.94	21.24

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
U.S. LOW VOLATILITY FUND (P) SF527

December 31, 2022

Independent Auditor's Report

To the Contractholders of U.S. Low Volatility Fund (P) SF527 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

U.S. Low Volatility Fund (P) SF527

(in Canadian \$ thousands)

Fund Manager: Putnam Investments Canada ULC

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 15	\$ 14
Investment income due and accrued	4	3
Due from The Canada Life Assurance Company (note 7)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	—	—
Stocks	4,111	5,231
Investment fund units	—	—
Total investments	4,111	5,231
Total assets	\$ 4,130	\$ 5,248
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	1	2
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	1	2
Net assets attributable to contractholders	\$ 4,129	\$ 5,246

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (468)	\$ 1,074
Miscellaneous income (loss)	2	4
Total income (loss)	(466)	1,078
Expenses		
Management fees (note 7)	104	123
Transaction costs	2	1
Withholding taxes	11	8
Other	10	11
Total expenses	127	143
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (593)	\$ 935

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 5,246	\$ 5,458
Contractholder deposits	122	26
Contractholder withdrawals	(646)	(1,173)
Increase (decrease) in net assets from operations attributable to contractholders	(593)	935
Change in net assets attributable to contractholders	(1,117)	(212)
Net assets attributable to contractholders - end of year	\$ 4,129	\$ 5,246

U.S. Low Volatility Fund (P) SF527

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (593)	\$ 935
Adjustments		
Realized (gains) losses	(489)	(573)
Unrealized (gains) losses	1,039	(421)
Gross proceeds of disposition of investments	5,228	3,640
Gross payments for the purchase of investments	(4,658)	(2,432)
Change in investment income due and accrued	(1)	1
Change in due from/to The Canada Life Assurance Company	(1)	(2)
Change in due from/to brokers	—	—
Change in due from/to outside parties	—	—
	<u>525</u>	<u>1,148</u>
Financing Activities		
Contractholder deposits	122	26
Contractholder withdrawals	(646)	(1,173)
	<u>(524)</u>	<u>(1,147)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	1	1
Cash, short-term deposits and overdrafts, beginning of year	14	13
Cash, short-term deposits and overdrafts, end of year	\$ 15	\$ 14
Supplementary cash flow information		
Dividend income received	\$ 81	\$ 81

U.S. Low Volatility Fund (P) SF527

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock			
Communication Services			
Alphabet Inc. Class A	1,503	120	179
Meta Platforms Inc.	199	64	32
Verizon Communications Inc.	1,271	89	68
Consumer Discretionary			
Amazon.com Inc.	230	35	26
Dollar General Corp.	211	70	70
eBay Inc.	1,081	79	61
Ford Motor Co.	1,389	33	22
General Motors Co.	147	6	7
Hasbro Inc.	273	28	23
Liberty SiriusXM Group	880	50	47
McDonald's Corp.	232	88	82
O'Reilly Automotive Inc.	61	49	70
Tesla Inc.	85	24	14
Yum! Brands Inc.	167	30	29
Consumer Staples			
Colgate Palmolive Co.	673	69	72
Costco Wholesale Corp.	65	29	40
Mondelez International Inc.	782	48	71
PepsiCo Inc.	115	25	28
The Hershey Co.	207	52	65
The Procter & Gamble Co.	81	11	17
Energy			
Chevron Corp.	196	46	48
Kinder Morgan Inc.	2,685	67	66
Marathon Petroleum Corp.	441	46	69
Exchange Traded Funds			
SPDR S&P 500 ETF Trust	53	28	27
Financials			
Bank of America Corp.	361	21	16
Berkshire Hathaway Inc. Class B	296	105	123
CME Group Inc.	227	56	52

U.S. Low Volatility Fund (P) SF527

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock (continued)			
Financials (continued)			
Comerica Inc.	708	64	64
FactSet Research Systems Inc.	47	24	26
JPMorgan Chase & Co.	274	36	50
Loews Corp.	333	21	26
MetLife Inc.	459	46	45
MGIC Investment Corp.	1,773	35	31
US Bancorp	115	7	7
Wells Fargo & Co.	124	7	7
Health Care			
AbbVie Inc.	155	19	34
AmerisourceBergen Corp.	57	10	13
Amgen Inc.	66	17	23
BioMarin Pharmaceutical Inc.	14	2	2
Bio-Rad Laboratories Inc.	3	2	2
Bristol-Myers Squibb Co.	248	22	24
Cigna Corp.	163	74	73
Eli Lilly and Co.	71	12	35
Exelixis Inc.	97	2	2
Humana Inc.	99	71	69
Illumina Inc.	15	4	4
Incyte Corp.	64	7	7
IQVIA Holdings Inc.	13	4	4
Johnson & Johnson Inc.	238	38	57
Laboratory Corp. of America Holdings	86	27	27
Merck & Co. Inc.	223	19	33
Mettler-Toledo International Inc.	1	1	2
Moderna Inc.	36	5	9
Pfizer Inc.	502	23	35
Quest Diagnostics Inc.	326	67	69
Regeneron Pharmaceuticals Inc.	10	8	10
Thermo Fisher Scientific Inc.	28	10	21
Ultragenyx Pharmaceutical Inc.	36	2	2
UnitedHealth Group Inc.	30	22	22
Vertex Pharmaceuticals Inc.	28	8	11
Viatis Inc.	141	2	2
West Pharmaceutical Services Inc.	11	4	4

U.S. Low Volatility Fund (P) SF527

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock (continued)			
Health Care (continued)			
Zoetis Inc.	63	7	12
Industrials			
3M Co.	238	39	39
CSX Corp.	1,646	69	69
Cummins Inc.	94	31	31
Danaher Corp.	38	14	14
Expeditors International of Washington Inc.	73	9	10
General Dynamics Corp.	192	53	64
Honeywell International Inc.	271	72	78
Lockheed Martin Corp.	32	15	21
Union Pacific Corp.	67	19	19
Waste Management Inc.	286	36	61
Information Technology			
Adobe Inc.	110	58	50
Advanced Micro Devices Inc.	243	24	21
Apple Inc.	1,284	130	225
Broadcom Inc.	118	84	88
Cadence Design Systems Inc.	306	72	67
Cisco Systems Inc.	1,275	80	81
Dolby Laboratories Inc.	199	23	19
Dropbox Inc.	1,205	39	37
Fidelity National Information Services Inc.	410	41	38
Intel Corp.	395	21	14
Juniper Networks Inc.	91	3	4
KLA Corp.	107	61	55
Microsoft Corp.	514	107	166
Roper Technologies Inc.	20	10	12
Synopsys Inc.	154	73	67
Materials			
Dow Inc.	585	37	40
Newmarket Corp.	151	66	64
Real Estate			
Camden Property Trust REIT	124	20	19

U.S. Low Volatility Fund (P) SF527

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
United States Common Stock (continued)			
Real Estate (continued)			
First Industrial Realty Trust Inc. REIT	947	71	62
Public Storage REIT	168	72	64
Utilities			
Dominion Energy Inc.	115	9	10
DTE Energy Co.	407	63	65
Exelon Corp.	192	8	11
FirstEnergy Corp.	439	21	25
Total United States Common Stock		3,647	3,998
Global Common Stock			
Guernsey			
Amdocs Ltd.	511	50	63
Ireland			
Horizon Therapeutics PLC	14	1	2
Netherlands			
QIAGEN NV	454	26	31
Switzerland			
Chubb Ltd.	40	10	12
United Kingdom			
Rentokil Initial PLC ADR	109	39	5
Total Global Common Stock		126	113
Total Stocks		3,773	4,111
Transaction Costs (note 2)		(1)	
Total Investments		3,772	4,111

U.S. Low Volatility Fund (P) SF527

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the U.S. Low Volatility Fund (P) SF527 (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2022 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2022

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 4,111	\$ 4	\$ 4,115	\$ 41
Total	\$ 4,111	\$ 4	\$ 4,115	\$ 41
As Percent of Net Assets Attributable to Contractholders			99.7%	1.0%

*Includes both monetary and non-monetary instruments

U.S. Low Volatility Fund (P) SF527

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 5,231	\$ 3	\$ 5,234	\$ 52
Total	\$ 5,231	\$ 3	\$ 5,234	\$ 52
As Percent of Net Assets Attributable to Contractholders			99.8%	1.0%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2022, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$41 (\$52 at December 31, 2021) or approximately 1.0% (1.0% at December 31, 2021) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

Assets measured at fair value	2022			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 4,111	\$ —	\$ —	\$ 4,111
Total assets measured at fair value	\$ 4,111	\$ —	\$ —	\$ 4,111

Assets measured at fair value	2021			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 5,231	\$ —	\$ —	\$ 5,231
Total assets measured at fair value	\$ 5,231	\$ —	\$ —	\$ 5,231

There were no significant transfers between Level 1 and Level 2 during 2022 or 2021.

U.S. Low Volatility Fund (P) SF527

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	46,980	52,934	59,110	64,596	69,168	640	816	757	782	790
75/100 guarantee policy	78,062	94,401	126,991	206,170	191,974	1,049	1,439	1,610	2,476	2,179
100/100 guarantee policy	53,964	49,135	58,599	74,455	71,316	709	735	731	882	801
PS1 75/75 guarantee policy	19,081	22,391	22,705	23,397	24,888	271	358	300	291	290
PS1 75/100 guarantee policy	63,906	61,984	71,143	71,587	82,996	887	972	924	877	957
PS1 100/100 guarantee policy	16,503	34,831	38,173	41,298	60,626	221	529	483	495	687
PS2 75/100 guarantee policy	8,408	8,577	10,583	31,697	28,412	143	161	160	442	363
PS2 100/100 guarantee policy	10,043	10,293	30,192	45,528	35,649	171	193	457	634	455
PS 75/100 guarantee policy	3,138	3,184	3,202	2,094	—	38	43	36	22	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	13.61	15.42	12.80	12.11	11.42	(1.81)	2.62
75/100 guarantee policy	13.44	15.24	12.68	12.01	11.35	(1.80)	2.56
100/100 guarantee policy	13.15	14.95	12.47	11.85	11.23	(1.80)	2.48
PS1 75/75 guarantee policy	14.18	15.98	13.20	12.42	11.66	(1.80)	2.78
PS1 75/100 guarantee policy	13.87	15.67	12.99	12.25	11.53	(1.80)	2.68
PS1 100/100 guarantee policy	13.40	15.20	12.65	11.99	11.33	(1.80)	2.55
PS2 75/100 guarantee policy	17.04	18.76	15.15	13.93	12.77	(1.72)	3.61
PS2 100/100 guarantee policy	17.04	18.76	15.15	13.93	12.78	(1.72)	3.61
PS 75/100 guarantee policy	12.15	13.64	11.22	10.51	—	(1.49)	2.42

U.S. Low Volatility Fund (P) SF527

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

U.S. Low Volatility Fund (P) SF527

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

U.S. Low Volatility Fund (P) SF527

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

U.S. Low Volatility Fund (P) SF527

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) **Stocks**

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

d) **Cash, Short-term Deposits and Overdrafts**

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

U.S. Low Volatility Fund (P) SF527

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

U.S. Low Volatility Fund (P) SF527

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

U.S. Low Volatility Fund (P) SF527

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

U.S. Low Volatility Fund (P) SF527

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

U.S. Low Volatility Fund (P) SF527

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Putnam Investments, LLC or its subsidiaries. All investment transactions with the corresponding underlying funds are at quoted market prices.

U.S. Low Volatility Fund (P) SF527

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.81	2.80	2.81	2.83	2.85
75/100 guarantee policy	2.98	2.97	2.98	3.00	2.99
100/100 guarantee policy	3.24	3.24	3.25	3.27	3.27
PS1 75/75 guarantee policy	2.30	2.29	2.30	2.32	2.32
PS1 75/100 guarantee policy	2.57	2.57	2.57	2.59	2.60
PS1 100/100 guarantee policy	3.01	3.00	3.01	3.04	3.01
PS 75/100 guarantee policy	1.88	1.87	1.87	1.89	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	107.02	48.34	53.37	66.93	107.69

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
GLOBAL DIVIDEND FUND (SAM) SF528

December 31, 2022

Independent Auditor's Report

To the Contractholders of Global Dividend Fund (SAM) SF528 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Global Dividend Fund (SAM) SF528

(in Canadian \$ thousands)

Fund Manager: Setanta Asset Management Limited

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 3,735	\$ 2,142
Investment income due and accrued	149	205
Due from The Canada Life Assurance Company (note 7)	1,091	438
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	—	—
Stocks	185,556	185,155
Investment fund units	—	—
Total investments	185,556	185,155
Total assets	\$ 190,531	\$ 187,940
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	—	—
Due to brokers	1,271	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	1,271	—
Net assets attributable to contractholders	\$ 189,260	\$ 187,940

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (727)	\$ 18,403
Miscellaneous income (loss)	(139)	(280)
Total income (loss)	(866)	18,123
Expenses		
Management fees (note 7)	1,891	1,682
Transaction costs	108	137
Withholding taxes	906	629
Other	201	176
Total expenses	3,106	2,624
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (3,972)	\$ 15,499

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 187,940	\$ 101,029
Contractholder deposits	33,943	83,114
Contractholder withdrawals	(28,651)	(11,702)
Increase (decrease) in net assets from operations attributable to contractholders	(3,972)	15,499
Change in net assets attributable to contractholders	1,320	86,911
Net assets attributable to contractholders - end of year	\$ 189,260	\$ 187,940

Global Dividend Fund (SAM) SF528

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (3,972)	\$ 15,499
Adjustments		
Realized (gains) losses	(1,054)	(3,297)
Unrealized (gains) losses	10,075	(9,119)
Gross proceeds of disposition of investments	55,787	24,457
Gross payments for the purchase of investments	(65,209)	(97,938)
Change in investment income due and accrued	56	(114)
Change in due from/to The Canada Life Assurance Company	(653)	(369)
Change in due from/to brokers	1,271	(538)
Change in due from/to outside parties	—	—
	<u>(3,699)</u>	<u>(71,419)</u>
Financing Activities		
Contractholder deposits	33,943	83,114
Contractholder withdrawals	(28,651)	(11,702)
	<u>5,292</u>	<u>71,412</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	1,593	(7)
Cash, short-term deposits and overdrafts, beginning of year	2,142	2,149
Cash, short-term deposits and overdrafts, end of year	\$ 3,735	\$ 2,142
Supplementary cash flow information		
Dividend income received	\$ 8,339	\$ 5,873

Global Dividend Fund (SAM) SF528

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Common Stock			
Financials			
The Toronto-Dominion Bank	22,687	1,860	1,989
Total Canadian Common Stock		1,860	1,989
United States Common Stock			
Consumer Discretionary			
McDonald's Corp.	15,095	4,170	5,385
The Home Depot Inc.	4,386	1,832	1,875
Consumer Staples			
The Procter & Gamble Co.	36,512	6,077	7,491
Energy			
Exxon Mobil Corp.	27,479	2,090	4,103
Financials			
Federated Hermes Inc.	94,741	3,630	4,657
Health Care			
Johnson & Johnson Inc.	32,536	6,453	7,781
Information Technology			
Cisco Systems Inc.	50,504	2,936	3,257
Utilities			
Exelon Corp.	50,829	2,636	2,975
Total United States Common Stock		29,824	37,524
Global Common Stock			
Australia			
Fortescue Metals Group Ltd.	108,969	1,781	2,061
Belgium			
Groupe Bruxelles Lambert SA *	37,978	4,782	4,104

*The issuer of this security is a related company to the issuer of the Fund.

Global Dividend Fund (SAM) SF528

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Global Common Stock (continued)			
Bermuda			
Lancashire Holdings Ltd.	525,077	5,685	5,589
NWS Holdings Ltd.	4,655,539	6,704	5,447
Finland			
Sampo OYJ A	94,969	5,559	6,718
France			
Air Liquide SA	26,543	4,903	5,092
Sanofi SA	55,073	6,692	7,170
Germany			
Allianz SE	17,141	4,533	4,990
BASF SE	49,327	4,400	3,316
Ireland			
CRH PLC	92,744	4,389	4,974
DCC PLC	57,362	5,377	3,832
Irish Residential Properties REIT	955,591	2,178	1,543
Medtronic Co. PLC	54,302	7,461	5,713
Italy			
Terna SPA	461,969	4,249	4,619
Portugal			
Redes Energeticas Nacionais SGPS SA	829,343	3,027	3,028
South Korea			
Samsung Electronics Co. Ltd. Preference Shares	100,026	6,298	5,467
SK Telecom Co. Ltd.	95,162	5,656	4,836
Spain			
Merlin Properties Socimi SA REIT	192,661	2,637	2,450
Viscofan SA	62,486	5,239	5,451
Sweden			
Boliden AB	61,203	2,532	3,108
Sandvik AB	188,536	4,925	4,611

Global Dividend Fund (SAM) SF528

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Global Common Stock (continued)			
Sweden (continued)			
Svenska Handelsbanken AB Class A	305,581	4,178	4,169
Telia Co. AB	597,208	3,202	2,067
Switzerland			
Cie Financiere Richemont SA Warrant 11-25-2023	44,354	-	50
Compagnie Financiere Richemont SA	17,672	2,293	3,103
Nestle SA	40,960	6,088	6,427
Novartis AG	51,681	5,740	6,327
SGS SA Reg. *	1,213	3,887	3,819
Taiwan			
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	44,534	5,157	4,491
Thailand			
Bangkok Bank PCL GDR	1,053,000	5,152	6,091
United Kingdom			
GSK PLC	139,655	4,265	3,288
National Grid PLC	270,529	4,324	4,418
Smiths Group PLC	150,748	3,833	3,946
Unilever PLC	54,885	3,856	3,728
Total Global Common Stock		150,982	146,043
Total Stocks		182,666	185,556
Transaction Costs (note 2)		(244)	
Total Investments		182,422	185,556

*The issuer of this security is a related company to the issuer of the Fund.

Global Dividend Fund (SAM) SF528

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Global Dividend Fund (SAM) SF528 (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

Global Dividend Fund (SAM) SF528

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2022 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2022

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
Euro	\$ 57,183	\$ 427	\$ 57,610	\$ 576
United States Dollar	47,728	(196)	47,532	476
United Kingdom Pound Sterling	21,073	—	21,073	211
Swiss Franc	19,726	—	19,726	197
Other Currencies	37,857	255	38,112	381
Total	\$ 183,567	\$ 486	\$ 184,053	\$ 1,841
As Percent of Net Assets Attributable to Contractholders			97.2%	1.0%

*Includes both monetary and non-monetary instruments

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
Euro	\$ 57,684	\$ 7	\$ 57,691	\$ 577
United States Dollar	45,671	—	45,671	457
United Kingdom Pound Sterling	26,622	—	26,622	266
Swedish Krona	15,454	—	15,454	155
Other Currencies	39,724	—	39,724	397
Total	\$ 185,155	\$ 7	\$ 185,162	\$ 1,852
As Percent of Net Assets Attributable to Contractholders			98.5%	1.0%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2022, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$1,856 (\$1,852 at December 31, 2021) or approximately 1.0% (1.0% at December 31, 2021) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

Global Dividend Fund (SAM) SF528

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

<u>Assets measured at fair value</u>	2022			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 175,254	\$ 10,302	\$ —	\$ 185,556
Total assets measured at fair value	\$ 175,254	\$ 10,302	\$ —	\$ 185,556

<u>Assets measured at fair value</u>	2021			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 110,414	\$ 74,741	\$ —	\$ 185,155
Total assets measured at fair value	\$ 110,414	\$ 74,741	\$ —	\$ 185,155

In accordance with the Fund's valuation policy, the Fund applies fair value adjustment factors to the quoted market prices for certain non-North American equities when North American intraday stock market movements exceed predetermined tolerances. The adjustment factors are applied in order to estimate the impact on fair values of events occurring between the close of the non-North American stock markets and the close of business for the Fund. If fair value adjustment factors are applied, non-North American equities are classified as Level 2. Consequently, non-North American equities are frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices). As at December 31, 2022, these securities were classified as Level 2 (Level 2 at December 31, 2021).

Global Dividend Fund (SAM) SF528

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	908,594	769,689	665,897	512,041	383,421	12,935	11,424	9,105	7,098	4,736
75/100 guarantee policy	2,049,431	1,762,366	1,511,083	1,081,758	910,656	28,797	25,861	20,460	14,874	11,175
100/100 guarantee policy	98,017	120,604	134,221	131,475	125,324	1,348	1,736	1,788	1,783	1,521
PS1 75/75 guarantee policy	683,850	694,742	503,325	264,071	159,694	10,095	10,644	7,071	3,744	2,008
PS1 75/100 guarantee policy	2,049,975	1,489,878	1,074,665	631,051	472,415	29,552	22,352	14,824	8,810	5,866
PS1 100/100 guarantee policy	156,013	83,817	118,205	137,772	72,682	2,182	1,224	1,593	1,885	887
PS2 75/75 guarantee policy	139,973	166,152	136,150	70,902	10,460	2,493	2,999	2,201	1,130	144
PS2 75/100 guarantee policy	162,029	126,329	92,332	124,885	203,021	2,886	2,281	1,493	1,991	2,804
PS2 100/100 guarantee policy	58,785	60,352	62,091	63,924	27,975	1,047	1,089	1,004	1,019	386
PS 75/75 guarantee policy	38,024	27,822	27,194	6,804	—	442	334	297	75	—
PS 75/100 guarantee policy	63,756	27,238	32,157	25,767	—	736	325	350	282	—
PS 100/100 guarantee policy	—	—	—	5,572	—	—	—	—	61	—
PPS 75/75 guarantee policy	67,760	43,787	36,500	—	—	804	534	403	—	—
PPS 75/100 guarantee policy	131,389	51,928	39,161	29,190	—	1,541	627	430	321	—
PPS 100/100 guarantee policy	4,545	2,860	5,145	63	—	53	34	56	1	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	14.24	14.84	13.67	13.86	12.35	(0.60)	1.17
75/100 guarantee policy	14.05	14.67	13.54	13.75	12.27	(0.62)	1.13
100/100 guarantee policy	13.75	14.40	13.32	13.56	12.14	(0.65)	1.08
PS1 75/75 guarantee policy	14.76	15.32	14.05	14.18	12.58	(0.56)	1.27
PS1 75/100 guarantee policy	14.42	15.00	13.79	13.96	12.42	(0.58)	1.21
PS1 100/100 guarantee policy	13.99	14.61	13.47	13.68	12.21	(0.62)	1.14
PS2 75/75 guarantee policy	17.81	18.05	16.16	15.94	13.81	(0.24)	1.89
PS2 75/100 guarantee policy	17.81	18.05	16.17	15.94	13.81	(0.24)	1.88
PS2 100/100 guarantee policy	17.81	18.05	16.16	15.94	13.81	(0.24)	1.89
PS 75/75 guarantee policy	11.63	12.00	10.93	10.96	—	(0.37)	1.07
PS 75/100 guarantee policy	11.55	11.93	10.88	10.93	—	(0.38)	1.05
PS 100/100 guarantee policy	—	—	—	10.89	—	—	—
PPS 75/75 guarantee policy	11.87	12.19	11.05	—	—	(0.32)	1.14
PPS 75/100 guarantee policy	11.73	12.07	10.98	10.99	—	(0.34)	1.09
PPS 100/100 guarantee policy	11.57	11.95	10.90	10.95	—	(0.38)	1.05

Global Dividend Fund (SAM) SF528

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Global Dividend Fund (SAM) SF528

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Global Dividend Fund (SAM) SF528

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Global Dividend Fund (SAM) SF528

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) **Stocks**

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

d) **Cash, Short-term Deposits and Overdrafts**

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Global Dividend Fund (SAM) SF528

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Global Dividend Fund (SAM) SF528

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Global Dividend Fund (SAM) SF528

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Global Dividend Fund (SAM) SF528

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

Portfolio units are those units owned by the Asset Allocation Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Global Dividend Fund (SAM) SF528

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Setanta Asset Management Limited. All investment transactions with the corresponding underlying funds are at quoted market prices.

Global Dividend Fund (SAM) SF528

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.82	2.83	2.78	2.78	2.83
75/100 guarantee policy	2.99	2.99	2.95	2.95	2.98
100/100 guarantee policy	3.28	3.28	3.22	3.22	3.26
PS1 75/75 guarantee policy	2.37	2.37	2.33	2.33	2.36
PS1 75/100 guarantee policy	2.64	2.64	2.60	2.60	2.67
PS1 100/100 guarantee policy	2.98	2.99	2.94	2.93	3.04
PS 75/75 guarantee policy	1.72	1.73	1.69	1.70	—
PS 75/100 guarantee policy	1.88	1.90	1.86	1.85	—
PS 100/100 guarantee policy	—	—	—	2.13	—
PPS 75/75 guarantee policy	1.26	1.27	1.24	—	—
PPS 75/100 guarantee policy	1.53	1.54	1.52	1.52	—
PPS 100/100 guarantee policy	1.87	1.87	1.85	1.84	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	25.32	11.82	30.96	21.55	47.64

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
INTERNATIONAL EQUITY FUND (P) SF529

December 31, 2022

Independent Auditor's Report

To the Contractholders of International Equity Fund (P) SF529 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

International Equity Fund (P) SF529

(in Canadian \$ thousands)

Fund Manager: Putnam Investments Canada ULC

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 166	\$ 797
Investment income due and accrued	8	8
Due from The Canada Life Assurance Company (note 8)	—	44
Due from brokers	20	—
Due from outside parties	—	—
Investments		
Bonds	—	—
Stocks	19,381	19,694
Investment fund units	—	—
Derivatives (note 7)	197	46
Total investments	19,578	19,740
Total assets	\$ 19,772	\$ 20,589
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	28	—
Due to brokers	20	—
Due to outside parties	—	—
Derivatives (note 7)	133	60
Total liabilities excluding net assets attributable to contractholders	181	60
Net assets attributable to contractholders	\$ 19,591	\$ 20,529

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (1,473)	\$ 1,641
Miscellaneous income (loss)	(14)	(28)
Total income (loss)	(1,487)	1,613
Expenses		
Management fees (note 8)	36	48
Transaction costs	49	45
Withholding taxes	46	43
Other	3	4
Total expenses	134	140
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (1,621)	\$ 1,473

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 20,529	\$ 15,749
Contractholder deposits	4,178	4,908
Contractholder withdrawals	(3,495)	(1,601)
Increase (decrease) in net assets from operations attributable to contractholders	(1,621)	1,473
Change in net assets attributable to contractholders	(938)	4,780
Net assets attributable to contractholders - end of year	\$ 19,591	\$ 20,529

International Equity Fund (P) SF529

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (1,621)	\$ 1,473
Adjustments		
Realized (gains) losses	894	(1,299)
Unrealized (gains) losses	1,173	29
Gross proceeds of disposition of investments	16,661	14,723
Gross payments for the purchase of investments	(18,493)	(17,657)
Change in investment income due and accrued	—	2
Change in due from/to The Canada Life Assurance Company	72	(37)
Change in due from/to brokers	—	85
Change in due from/to outside parties	—	—
	<u>(1,314)</u>	<u>(2,681)</u>
Financing Activities		
Contractholder deposits	4,178	4,908
Contractholder withdrawals	(3,495)	(1,601)
	<u>683</u>	<u>3,307</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(631)	626
Cash, short-term deposits and overdrafts, beginning of year	797	171
Cash, short-term deposits and overdrafts, end of year	\$ 166	\$ 797
Supplementary cash flow information		
Dividend income received	\$ 563	\$ 359

International Equity Fund (P) SF529

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Common Stock			
Financials			
Thomson Reuters Corp.	2,022	282	312
Industrials			
Canadian National Railway Co.	2,408	389	387
Total Canadian Common Stock		671	699
United States Common Stock			
Information Technology			
Booz Allen Hamilton Holding Corp.	1,152	125	163
Total United States Common Stock		125	163
Global Common Stock			
Australia			
BHP Group Ltd.	10,323	455	434
Cayman Islands			
CK Hutchison Holdings Ltd.	51,500	448	418
France			
AXA SA	8,621	279	325
BNP Paribas SA	2,467	190	190
Capgemini SA	1,299	362	294
LVMH Moet Hennessy Louis Vuitton SE	585	562	576
Publicis Groupe	1,394	115	120
Sanofi SA	3,802	486	495
Thales SA	2,095	267	362
TotalEnergies SE	4,345	320	369
Worldline SA	5,637	283	298
Germany			
Deutsche Boerse AG	1,534	314	359
Merck KGaA	2,151	473	564
Rheinmetall AG	1,157	250	312

International Equity Fund (P) SF529

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Global Common Stock (continued)			
Ireland			
Bank of Ireland Group PLC	32,005	229	413
CRH PLC	8,152	375	437
Flutter Entertainment PLC	1,265	227	234
ICON PLC	767	233	202
Linde PLC	758	265	336
Japan			
Asahi Group Holdings Ltd.	8,300	430	353
Chugai Pharmaceutical Co. Ltd.	7,200	248	250
Hoya Corp.	1,300	165	171
ITOCHU Corp.	8,900	332	381
Japan Exchange Group Inc.	14,200	281	278
Minebea Mitsumi Inc.	12,400	300	252
Mitsubishi Corp.	12,500	563	553
Mitsubishi UFJ Financial Group Inc.	76,800	553	705
Murata Manufacturing Co. Ltd.	2,600	199	177
Pan Pacific International Holdings Corp.	7,700	184	195
Renesas Electronics Corp.	27,900	332	341
Sony Group Corp.	3,000	245	311
TechnoPro Holdings Inc.	4,200	127	153
Jersey			
Experian PLC	10,122	429	466
Netherlands			
Universal Music Group NV	14,824	474	484
Wolters Kluwer NV	2,381	308	337
Norway			
DNB Bank ASA	10,252	248	274
Portugal			
Jeronimo Martins SGPS SA	7,353	206	215
Singapore			
DBS Group Holdings Ltd.	13,800	457	473

International Equity Fund (P) SF529

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Global Common Stock (continued)			
South Korea			
Hana Financial Group Inc.	7,295	306	332
Switzerland			
Lonza Group AG	431	293	286
Nestle SA	2,989	452	469
Partners Group Holding AG	258	321	309
United Kingdom			
Anglo American PLC	5,004	313	265
AstraZeneca PLC	4,043	607	743
Coca-Cola Europacific Partners PLC	6,519	448	488
Diageo PLC	7,136	378	427
InterContinental Hotels Group PLC	3,147	264	244
JD Sports Fashion PLC	126,470	235	261
London Stock Exchange Group PLC	3,079	395	360
Network International Holdings PLC	40,342	215	197
Prudential PLC	29,517	573	545
Shell PLC	12,755	361	486
Total Global Common Stock		17,375	18,519
Total Stocks		18,171	19,381

International Equity Fund (P) SF529

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, contracts, shares, par value or contract price)

As at December 31, 2022

Schedule of Derivative Contracts

Forward Currency Contracts

Contract Price	Settlement Date	Purchased Currency		Sold Currency		Unrealized Gain (Loss)
		Currency	Value as at December 31	Currency	Value as at December 31	
1.5417	January 18, 2023	Australian Dollar	285	United States Dollar	266	19
1.5398	January 18, 2023	Australian Dollar	208	United States Dollar	194	14
1.5426	January 18, 2023	Australian Dollar	184	United States Dollar	172	12
1.5398	January 18, 2023	Australian Dollar	82	United States Dollar	76	6
1.5429	January 18, 2023	Australian Dollar	90	United States Dollar	84	6
1.7616	January 18, 2023	New Zealand Dollar	32	United States Dollar	28	4
1.5641	January 18, 2023	Australian Dollar	40	United States Dollar	36	4
1.5416	January 18, 2023	Australian Dollar	22	United States Dollar	21	1
0.7326	January 18, 2023	United States Dollar	47	Canadian Dollar	47	-
0.7325	January 18, 2023	United States Dollar	14	Canadian Dollar	14	-
0.7325	January 18, 2023	United States Dollar	17	Canadian Dollar	17	-
0.7373	January 18, 2023	United States Dollar	42	Canadian Dollar	42	-
1.4835	January 18, 2023	United States Dollar	28	Australian Dollar	28	-
145.1430	February 15, 2023	Japanese Yen	180	United States Dollar	155	23
145.1010	February 15, 2023	Japanese Yen	124	United States Dollar	107	17
145.1426	February 15, 2023	Japanese Yen	109	United States Dollar	94	15
1,315.5000	February 15, 2023	South Korean Won	91	United States Dollar	85	6
1,331.0000	February 15, 2023	South Korean Won	65	United States Dollar	60	5
145.1467	February 15, 2023	Japanese Yen	24	United States Dollar	21	3
7.2499	February 15, 2023	Chinese Yuan Renminb	46	United States Dollar	43	3
1,316.6999	February 15, 2023	South Korean Won	56	United States Dollar	53	3
135.3051	February 15, 2023	Japanese Yen	44	United States Dollar	42	2
7.8411	February 15, 2023	Hong Kong Dollar	29	United States Dollar	28	1
7.8410	February 15, 2023	Hong Kong Dollar	90	United States Dollar	89	1
1.0670	March 15, 2023	Swiss Franc	411	United States Dollar	397	14
7.1192	March 15, 2023	Danish Krone	324	United States Dollar	311	13
1.0679	March 15, 2023	Swiss Franc	155	United States Dollar	150	5
1.0681	March 15, 2023	Swiss Franc	46	United States Dollar	44	2
1.0683	March 15, 2023	Swiss Franc	63	United States Dollar	61	2
7.1140	March 15, 2023	Danish Krone	42	United States Dollar	40	2
7.1146	March 15, 2023	Danish Krone	43	United States Dollar	41	2
1.0674	March 15, 2023	Swiss Franc	48	United States Dollar	46	2
1.2225	March 15, 2023	United States Dollar	115	Pound Sterling	113	2
1.2224	March 15, 2023	United States Dollar	147	Pound Sterling	145	2
1.2224	March 15, 2023	United States Dollar	144	Pound Sterling	142	2

International Equity Fund (P) SF529

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, contracts, shares, par value or contract price)

As at December 31, 2022

Schedule of Derivative Contracts

Forward Currency Contracts

Contract Price	Settlement Date	Purchased Currency		Sold Currency		Unrealized Gain (Loss)
		Currency	Value as at December 31	Currency	Value as at December 31	
Derivative Assets (continued)						
10.3200	March 15, 2023	United States Dollar	4	Swedish Krona	3	1
1.2226	March 15, 2023	United States Dollar	80	Pound Sterling	79	1
1.0611	March 15, 2023	Euro	73	United States Dollar	72	1
1.0682	March 15, 2023	Euro	104	United States Dollar	103	1
1.0679	March 15, 2023	Swiss Franc	11	United States Dollar	11	-
7.1147	March 15, 2023	Danish Krone	8	United States Dollar	8	-
10.3866	March 15, 2023	Swedish Krona	38	United States Dollar	38	-
10.3841	March 15, 2023	Swedish Krona	75	United States Dollar	75	-
10.3926	March 15, 2023	Swedish Krona	86	United States Dollar	86	-
10.3830	March 15, 2023	Swedish Krona	102	United States Dollar	102	-
10.3896	March 15, 2023	Swedish Krona	107	United States Dollar	107	-
10.3896	March 15, 2023	Swedish Krona	105	United States Dollar	105	-
Derivatives - Assets						197
3.4986	January 18, 2023	Israeli New Shekel	105	United States Dollar	106	(1)
0.7325	January 18, 2023	United States Dollar	145	Canadian Dollar	146	(1)
0.7327	January 18, 2023	United States Dollar	128	Canadian Dollar	129	(1)
0.7326	January 18, 2023	United States Dollar	119	Canadian Dollar	120	(1)
0.7295	January 18, 2023	United States Dollar	25	Canadian Dollar	26	(1)
0.7332	January 18, 2023	United States Dollar	57	Canadian Dollar	58	(1)
0.7327	January 18, 2023	United States Dollar	188	Canadian Dollar	190	(2)
1.5712	January 18, 2023	United States Dollar	13	Australian Dollar	15	(2)
1.3278	January 18, 2023	Canadian Dollar	130	United States Dollar	132	(2)
1.4099	February 15, 2023	United States Dollar	12	Singapore Dollar	13	(1)
133.3779	February 15, 2023	United States Dollar	1	Japanese Yen	3	(2)
138.7064	February 15, 2023	United States Dollar	-	Japanese Yen	4	(4)
137.1650	February 15, 2023	United States Dollar	1	Japanese Yen	8	(7)
144.6519	February 15, 2023	United States Dollar	-	Japanese Yen	8	(8)
1.4099	February 15, 2023	United States Dollar	95	Singapore Dollar	104	(9)
1,408.6000	February 15, 2023	United States Dollar	-	South Korean Won	67	(65)
9.9188	March 15, 2023	United States Dollar	4	Norwegian Krone	5	(1)
1.0574	March 15, 2023	United States Dollar	44	Euro	45	(1)
9.8612	March 15, 2023	United States Dollar	5	Norwegian Krone	6	(1)
1.0795	March 15, 2023	United States Dollar	128	Swiss Franc	130	(2)
1.0574	March 15, 2023	United States Dollar	149	Euro	153	(4)

International Equity Fund (P) SF529

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, contracts, shares, par value or contract price)

As at December 31, 2022

Schedule of Derivative Contracts

Forward Currency Contracts

Contract Price	Settlement Date	Purchased Currency		Sold Currency		Unrealized Gain (Loss)
		Currency	Value as at December 31	Currency	Value as at December 31	
<i>Derivative Liabilities (continued)</i>						
1.0562	March 15, 2023	United States Dollar	147	Euro	151	(4)
1.0562	March 15, 2023	United States Dollar	189	Euro	195	(6)
1.0568	March 15, 2023	United States Dollar	218	Euro	224	(6)
Derivatives - Liabilities						(133)
Total Forward Currency Contracts						64
Total Derivative Instruments at Fair Value						64
Transaction Costs (note 2)						(35)
Total Investments						18,136
						19,445

International Equity Fund (P) SF529

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the International Equity Fund (P) SF529 (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

International Equity Fund (P) SF529

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2022 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2022

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
Euro	\$ 5,657	\$ 1	\$ 5,658	\$ 57
Japanese Yen	4,372	—	4,372	44
United Kingdom Pound Sterling	3,441	—	3,441	34
Swiss Franc	2,051	—	2,051	20
Other Currencies	3,917	178	4,095	41
Total	\$ 19,438	\$ 179	\$ 19,617	\$ 196
As Percent of Net Assets Attributable to Contractholders			100.1%	1.0%

*Includes both monetary and non-monetary instruments

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
Euro	\$ 6,868	\$ —	\$ 6,868	\$ 69
Japanese Yen	4,605	—	4,605	46
United Kingdom Pound Sterling	2,623	4	2,627	26
United States Dollar	(518)	742	224	2
Other Currencies	6,090	1	6,091	61
Total	\$ 19,668	\$ 747	\$ 20,415	\$ 204
As Percent of Net Assets Attributable to Contractholders			99.4%	1.0%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2022, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$194 (\$197 at December 31, 2021) or approximately 1.0% (1.0% at December 31, 2021) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

International Equity Fund (P) SF529

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

The following table presents information about the Fund's assets and liabilities measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

	2022			
	Assets and Liabilities Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Stocks	\$ 19,049	\$ 332	\$ —	\$ 19,381
Derivatives	—	197	—	197
Total assets measured at fair value	\$ 19,049	\$ 529	\$ —	\$ 19,578
Liabilities measured at fair value				
Derivatives	\$ —	\$ 133	\$ —	\$ 133
Net assets attributable to contractholders measured at fair value	\$ 19,049	\$ 396	\$ —	\$ 19,445

	2021			
	Assets and Liabilities Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Stocks	\$ 11,896	\$ 7,798	\$ —	\$ 19,694
Derivatives	—	46	—	46
Total assets measured at fair value	\$ 11,896	\$ 7,844	\$ —	\$ 19,740
Liabilities measured at fair value				
Derivatives	\$ —	\$ 60	\$ —	\$ 60
Net assets attributable to contractholders measured at fair value	\$ 11,896	\$ 7,784	\$ —	\$ 19,680

In accordance with the Fund's valuation policy, the Fund applies fair value adjustment factors to the quoted market prices for certain non-North American equities when North American intraday stock market movements exceed predetermined tolerances. The adjustment factors are applied in order to estimate the impact on fair values of events occurring between the close of the non-North American stock markets and the close of business for the Fund. If fair value adjustment factors are applied, non-North American equities are classified as Level 2. Consequently, non-North American equities are frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices). As at December 31, 2022, these securities were classified as Level 2 (Level 2 at December 31, 2021).

International Equity Fund (P) SF529

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	21,006	29,390	30,276	41,318	50,810	271	424	413	521	549
75/100 guarantee policy	35,588	43,874	55,000	88,040	135,459	453	625	742	1,100	1,452
100/100 guarantee policy	9,736	10,014	9,890	10,659	25,321	120	138	130	130	267
PS1 75/75 guarantee policy	5,464	6,140	6,009	13,082	35,033	74	92	85	170	387
PS1 75/100 guarantee policy	25,180	27,031	30,557	34,683	41,322	332	398	424	443	451
PS2 75/75 guarantee policy	15,542	16,995	24,672	38,126	40,036	254	302	402	557	487
PS2 75/100 guarantee policy	3,211	3,297	3,386	4,852	6,172	52	58	55	71	75
PS2 100/100 guarantee policy	—	—	—	—	13,006	—	—	—	—	158
PS 100/100 guarantee policy	—	—	—	199	—	—	—	—	2	—
PPS 75/100 guarantee policy	1,788	2,003	2,138	2,277	—	19	24	24	23	—
PPS 100/100 guarantee policy	—	—	387	29,935	36,168	—	—	4	300	308

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	12.92	14.44	13.65	12.61	10.80	(1.52)	0.79
75/100 guarantee policy	12.72	14.25	13.49	12.49	10.72	(1.53)	0.76
100/100 guarantee policy	12.28	13.82	13.14	12.22	10.54	(1.54)	0.68
PS1 75/75 guarantee policy	13.48	14.99	14.09	12.96	11.04	(1.51)	0.90
PS1 75/100 guarantee policy	13.19	14.71	13.87	12.78	10.92	(1.52)	0.84
PS2 75/75 guarantee policy	16.34	17.75	16.29	14.62	12.16	(1.41)	1.46
PS2 75/100 guarantee policy	16.34	17.75	16.29	14.62	12.16	(1.41)	1.46
PS2 100/100 guarantee policy	—	—	—	—	12.16	—	—
PS 100/100 guarantee policy	—	—	—	9.95	—	—	—
PPS 75/100 guarantee policy	10.76	11.86	11.06	10.09	—	(1.10)	0.80
PPS 100/100 guarantee policy	—	—	10.94	10.02	8.51	—	—

International Equity Fund (P) SF529

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

International Equity Fund (P) SF529

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

International Equity Fund (P) SF529

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

International Equity Fund (P) SF529

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) **Stocks**

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

d) **Cash, Short-term Deposits and Overdrafts**

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

International Equity Fund (P) SF529

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Derivatives

Derivatives are classified and measured at fair value. Derivatives are valued using market transactions and other market evidence whenever possible, including market based inputs to models, broker or dealer quotations or alternative pricing sources with reasonable levels of transparency. When models are used, the selection of a particular model to value a derivative depends on the contractual terms of, and specific risks inherent in, the instrument, as well as the availability of pricing information in the market. The Company generally uses similar models to value similar instruments. Valuation models require a variety of inputs, including contractual terms, market prices and rates, yield curves, credit curves, measures volatility, prepayment rates and correlations of such inputs.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

International Equity Fund (P) SF529

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

International Equity Fund (P) SF529

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Income Allocation

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

International Equity Fund (P) SF529

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Portfolio units are those units owned by the Asset Allocation Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

International Equity Fund (P) SF529

Notes to the Financial Statements

(in Canadian \$ thousands)

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

7. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative contracts, including forward currency, futures and equity swap contracts, are valued at the gain or loss that would arise as a result of closing the position at the reporting date. Options are recorded at fair value as at the reporting date. The Fund may use derivative contracts to hedge against losses caused by changes in securities prices, interest rates, exchange rates and/or other risks. The Fund may also use derivative contracts for non-hedging purposes in order to invest indirectly in financial markets or to gain exposure to other currencies, provided the use of such derivatives is consistent with the Fund's investment objectives and strategies. Foreign currency risk and exposure may be direct or indirect and can include all or a portion of the currency exposure of an existing investment or group of investments. Any such gain or loss on derivative contracts is recorded as part of net gain (loss) on investments.

As at the reporting date, the unrealized gain (loss) on derivative contracts is reflected on the Statement of Financial Position of the Fund.

The Fund manages derivative credit risk through collateral arrangements where required. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented by the Fund regarding the acceptability of types of collateral and the valuation parameters. The Fund Manager monitors the value of the collateral and requests additional collateral when needed.

International Equity Fund (P) SF529

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Putnam Investments, LLC or its subsidiaries. All investment transactions with the corresponding underlying funds are at quoted market prices.

International Equity Fund (P) SF529

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.91	2.90	2.91	2.92	2.94
75/100 guarantee policy	3.12	3.12	3.13	3.14	3.14
100/100 guarantee policy	3.55	3.55	3.57	3.58	3.56
PS1 75/75 guarantee policy	2.39	2.39	2.41	2.41	2.40
PS1 75/100 guarantee policy	2.67	2.67	2.68	2.68	2.69
PS 100/100 guarantee policy	—	—	—	2.50	—
PPS 75/100 guarantee policy	1.58	1.58	1.58	1.58	—
PPS 100/100 guarantee policy	—	—	2.06	2.02	2.02

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	86.02	82.94	115.41	76.67	70.58

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
GLOBAL UNCONSTRAINED FUND (MACKENZIE) SF530

December 31, 2022

Independent Auditor's Report

To the Contractholders of Global Unconstrained Fund (Mackenzie) SF530 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Global Unconstrained Fund (Mackenzie) SF530

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ 146
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	157
Due from brokers	2,519	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	150,205	167,018
Total investments	150,205	167,018
Total assets	\$ 152,724	\$ 167,321
Liabilities		
Overdrafts	\$ 1,991	\$ —
Due to The Canada Life Assurance Company (note 8)	90	—
Due to brokers	—	90
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	2,081	90
Net assets attributable to contractholders	\$ 150,643	\$ 167,231

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (10,997)	\$ 113
Miscellaneous income (loss)	—	—
Total income (loss)	(10,997)	113
Expenses		
Management fees (note 8)	1,499	1,523
Other	173	174
Total expenses	1,672	1,697
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (12,669)	\$ (1,584)

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year		
	\$ 167,231	\$ 140,791
Contractholder deposits	22,046	46,223
Contractholder withdrawals	(25,965)	(18,199)
Increase (decrease) in net assets from operations attributable to contractholders	(12,669)	(1,584)
Change in net assets attributable to contractholders	(16,588)	26,440
Net assets attributable to contractholders - end of year	\$ 150,643	\$ 167,231

Global Unconstrained Fund (Mackenzie) SF530

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (12,669)	\$ (1,584)
Adjustments		
Realized (gains) losses	2,264	164
Unrealized (gains) losses	16,185	5,800
Gross proceeds of disposition of investments	18,579	11,995
Gross payments for the purchase of investments	(12,763)	(38,406)
Distribution income of underlying mutual fund	(7,452)	(6,077)
Change in due from/to The Canada Life Assurance Company	247	(161)
Change in due from/to brokers	(2,609)	130
	<u>1,782</u>	<u>(28,139)</u>
Financing Activities		
Contractholder deposits	22,046	46,223
Contractholder withdrawals	(25,965)	(18,199)
	<u>(3,919)</u>	<u>28,024</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(2,137)	(115)
Cash, short-term deposits and overdrafts, beginning of year	146	261
Cash, short-term deposits and overdrafts, end of year	\$ (1,991)	\$ 146

Global Unconstrained Fund (Mackenzie) SF530

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Mackenzie Unconstrained Fixed Income Fund Series S *	17,408,166	170,980	150,205
Total Investments		170,980	150,205

Top 25 Holdings

Security Description	% of Total
Cash and short-term deposits	5.60%
Mackenzie Canadian All Corporate Bond Index ETF *	4.34%
Mackenzie Emerging Markets Local Currency Bond Index ETF *	4.10%
Mackenzie Canadian Short Term Bond Index ETF *	3.50%
Government of Canada 1.75% 12-01-2053	2.74%
Government of Canada 2.75% 08-01-2024	2.11%
Northleaf Private Credit II LP MI 15	1.82%
United States Treasury Inflation Index 0.125% 02-15-2052 Real Return	1.57%
Mackenzie Credit Absolute Return Fund Series R *	1.09%
Enbridge Inc. 5.375% 09-27-2077	1.06%
Microsoft Corp. 2.53% 06-01-2050	1.01%
International Finance Corp. 7.75% 01-18-2030	0.95%
United States Treasury Inflation Index 0.13% 02-15-2051	0.91%
Government of Mexico 7.75% 05-29-2031	0.90%
United States Treasury Inflation Index 0.13% 01-15-2032	0.83%
Mackenzie Global Sustainable Bond ETF *	0.77%
Mackenzie US Investment Grade Corporate Bond Index ETF *	0.77%
Mackenzie Emerging Markets Bond Index ETF *	0.75%
Federal Republic of Germany 0.00% 08-15-2052	0.74%
Government of Canada 1.50% 06-01-2031	0.64%
Deutsche Bundesrepublik Inflation Index 0.10% 04-15-2046	0.61%
Apple Inc. 2.65% 05-11-2050	0.60%
International Finance Corp. 7.50% 01-18-2028	0.58%
Sagard Credit Partners II LP	0.57%
United States Treasury 1.875% 02-15-2032	0.57%

*The issuer of this security is a related company to the issuer of the Fund.

Global Unconstrained Fund (Mackenzie) SF530

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 4 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	918,025	912,040	809,130	412,513	165,170	9,844	10,703	9,719	4,763	1,831
75/100 guarantee policy	2,750,912	2,771,400	2,357,095	1,294,351	589,076	29,266	32,300	28,150	14,875	6,506
100/100 guarantee policy	131,635	160,247	155,186	138,224	99,442	1,384	1,849	1,838	1,577	1,093
PS1 75/75 guarantee policy	564,191	501,464	307,714	223,531	107,987	6,311	6,103	3,812	2,646	1,220
PS1 75/100 guarantee policy	2,221,761	2,184,876	1,831,479	1,375,558	689,509	24,654	26,409	22,554	16,204	7,760
PS1 100/100 guarantee policy	77,662	75,329	58,249	40,931	2,597	852	901	711	479	29
PS2 75/75 guarantee policy	196,215	252,938	171,755	126,270	17,364	2,484	3,423	2,325	1,605	207
PS2 75/100 guarantee policy	447,715	289,017	203,162	86,957	19,485	5,669	3,912	2,750	1,106	232
PS2 100/100 guarantee policy	26,499	27,147	27,828	39,567	10,893	335	367	377	503	130
PS 75/75 guarantee policy	69,322	49,525	33,356	7,395	1,836	679	528	362	77	18
PS 75/100 guarantee policy	183,135	139,884	60,275	38,703	—	1,786	1,486	653	401	—
PS 100/100 guarantee policy	1,514	2,482	—	220	—	15	26	—	2	—
PPS 75/75 guarantee policy	141,853	70,768	29,795	—	—	1,428	771	328	—	—
PPS 75/100 guarantee policy	460,504	366,204	79,529	61,649	27,305	4,611	3,972	874	644	271
PPS 100/100 guarantee policy	—	4,617	—	64	—	—	50	—	1	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	10.72	11.73	12.01	11.55	11.08	(1.01)	(0.28)
75/100 guarantee policy	10.64	11.65	11.94	11.49	11.04	(1.01)	(0.29)
100/100 guarantee policy	10.51	11.54	11.84	11.41	10.99	(1.03)	(0.30)
PS1 75/75 guarantee policy	11.19	12.17	12.39	11.84	11.30	(0.98)	(0.22)
PS1 75/100 guarantee policy	11.10	12.09	12.31	11.78	11.25	(0.99)	(0.22)
PS1 100/100 guarantee policy	10.97	11.96	12.21	11.70	11.20	(0.99)	(0.25)
PS2 75/75 guarantee policy	12.66	13.53	13.53	12.71	11.93	(0.87)	—
PS2 75/100 guarantee policy	12.66	13.54	13.54	12.72	11.93	(0.88)	—
PS2 100/100 guarantee policy	12.66	13.53	13.53	12.71	11.93	(0.87)	—
PS 75/75 guarantee policy	9.80	10.67	10.86	10.38	9.91	(0.87)	(0.19)
PS 75/100 guarantee policy	9.75	10.63	10.83	10.36	—	(0.88)	(0.20)
PS 100/100 guarantee policy	9.69	10.58	—	10.34	—	(0.89)	(0.21)
PPS 75/75 guarantee policy	10.06	10.89	11.02	—	—	(0.83)	(0.13)
PPS 75/100 guarantee policy	10.01	10.85	10.99	10.45	9.93	(0.84)	(0.14)
PPS 100/100 guarantee policy	—	10.81	—	10.44	—	—	(0.16)

Global Unconstrained Fund (Mackenzie) SF530

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Global Unconstrained Fund (Mackenzie) SF530 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Global Unconstrained Fund (Mackenzie) SF530

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Global Unconstrained Fund (Mackenzie) SF530

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Global Unconstrained Fund (Mackenzie) SF530

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

Global Unconstrained Fund (Mackenzie) SF530

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

Global Unconstrained Fund (Mackenzie) SF530

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Global Unconstrained Fund (Mackenzie) SF530

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

Global Unconstrained Fund (Mackenzie) SF530

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Portfolio units are those units owned by the Asset Allocation Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Global Unconstrained Fund (Mackenzie) SF530

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Global Unconstrained Fund (Mackenzie) SF530

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Global Unconstrained Fund (Mackenzie) SF530

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.33	2.33	2.29	2.32	2.31
75/100 guarantee policy	2.44	2.44	2.40	2.43	2.43
100/100 guarantee policy	2.61	2.61	2.57	2.60	2.60
PS1 75/75 guarantee policy	1.75	1.75	1.71	1.72	1.72
PS1 75/100 guarantee policy	1.87	1.86	1.82	1.83	1.83
PS1 100/100 guarantee policy	2.03	2.03	1.98	1.99	2.00
PS 75/75 guarantee policy	1.77	1.77	1.74	1.76	1.76
PS 75/100 guarantee policy	1.88	1.88	1.86	1.87	—
PS 100/100 guarantee policy	2.07	2.04	—	2.04	—
PPS 75/75 guarantee policy	1.19	1.19	1.15	—	—
PPS 75/100 guarantee policy	1.31	1.30	1.27	1.28	1.27
PPS 100/100 guarantee policy	—	1.47	—	1.44	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
PS1 75/75 guarantee policy	1.75	1.75	1.73	1.74	1.74
PS1 75/100 guarantee policy	1.87	1.86	1.84	1.85	1.85
PS1 100/100 guarantee policy	2.03	2.03	2.00	2.01	2.02
PPS 75/75 guarantee policy	1.19	1.19	1.17	—	—
PPS 75/100 guarantee policy	1.31	1.30	1.29	1.30	1.29
PPS 100/100 guarantee policy	—	1.47	—	1.46	—

Portfolio Turnover Rate (%) ⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	8.25	7.73	18.97	8.66	14.15

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
CORE BOND FUND (PIM) SF531

December 31, 2022

Independent Auditor's Report

To the Contractholders of Core Bond Fund (PIM) SF531 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Core Bond Fund (PIM) SF531

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 13,148	\$ 42,468
Investment income due and accrued	1,868	1,602
Due from The Canada Life Assurance Company (note 8)	170	121
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	304,949	386,486
Stocks	9,224	6,217
Investment fund units	—	—
Derivatives (note 7)	150	—
Total investments	314,323	392,703
Total assets	\$ 329,509	\$ 436,894
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	19,830
Due to outside parties	—	—
Derivatives (note 7)	—	—
Total liabilities excluding net assets attributable to contractholders	—	19,830
Net assets attributable to contractholders	\$ 329,509	\$ 417,064

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (40,945)	\$ (7,178)
Miscellaneous income (loss)	431	119
Total income (loss)	(40,514)	(7,059)
Expenses		
Management fees (note 8)	1,295	1,449
Transaction costs	1	1
Withholding taxes	—	—
Other	214	173
Total expenses	1,510	1,623
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (42,024)	\$ (8,682)

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year		
	\$ 417,064	\$ 319,511
Contractholder deposits	38,207	147,022
Contractholder withdrawals	(83,738)	(40,787)
Increase (decrease) in net assets from operations attributable to contractholders	(42,024)	(8,682)
Change in net assets attributable to contractholders	(87,555)	97,553
Net assets attributable to contractholders - end of year	\$ 329,509	\$ 417,064

Core Bond Fund (PIM) SF531

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (42,024)	\$ (8,682)
Adjustments		
Add back amortization of premium (discount)	151	(332)
Realized (gains) losses	21,619	4,326
Unrealized (gains) losses	28,655	11,488
Gross proceeds of disposition of investments	390,600	327,467
Gross payments for the purchase of investments	(362,645)	(425,971)
Change in investment income due and accrued	(266)	(177)
Change in due from/to The Canada Life Assurance Company	(49)	(105)
Change in due from/to brokers	(19,830)	19,830
Change in due from/to outside parties	—	—
	<u>16,211</u>	<u>(72,156)</u>
Financing Activities		
Contractholder deposits	38,207	147,022
Contractholder withdrawals	(83,738)	(40,787)
	<u>(45,531)</u>	<u>106,235</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(29,320)	34,079
Cash, short-term deposits and overdrafts, beginning of year	42,468	8,389
Cash, short-term deposits and overdrafts, end of year	\$ 13,148	\$ 42,468
Supplementary cash flow information		
Interest income received	\$ 8,778	\$ 7,854
Dividend income received	261	210

Core Bond Fund (PIM) SF531

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds			
Federal Government			
Canada Housing Trust No. 1 Floating Rate 09-15-2026	14,400,000	14,418	14,361
Government of Canada 0.25% 03-01-2026	65,000	58	58
Government of Canada 0.25% 12-01-2054 Real Return	1,400,000	1,014	1,176
Government of Canada 0.50% 12-01-2050 Real Return	2,834,000	2,798	2,802
Government of Canada 0.75% 10-01-2024	2,777,000	2,737	2,624
Government of Canada 1.50% 06-01-2031	5,000	4	4
Government of Canada 1.50% 12-01-2031	27,042,000	23,457	23,283
Government of Canada 2.00% 06-01-2032	23,701,000	21,923	21,227
Total Federal Government		66,409	65,535
Provincial Government			
Ontario Power Generation Inc. 3.215% 04-08-2030	1,095,000	1,114	993
Ontario Power Generation Inc. 4.922% 07-19-2032	150,000	150	150
Province of Alberta 2.95% 06-01-2052	5,115,000	4,702	4,004
Province of Alberta 3.05% 12-01-2048	550,000	570	442
Province of Alberta 3.10% 06-01-2050	5,215,000	5,283	4,227
Province of Alberta 3.45% 12-01-2043	3,245,000	3,727	2,848
Province of British Columbia 1.55% 06-18-2031	3,359,000	3,184	2,775
Province of British Columbia 2.85% 06-18-2025	1,550,000	1,646	1,507
Province of British Columbia 2.95% 06-18-2050	4,198,000	4,509	3,316
Province of Manitoba 2.05% 09-05-2052	1,835,000	1,403	1,132
Province of Manitoba 2.85% 09-05-2046	315,000	319	242
Province of Manitoba 3.20% 03-05-2050	1,955,000	2,086	1,587
Province of Manitoba 3.80% 09-05-2053	110,000	103	100
Province of New Brunswick 2.35% 08-14-2027	1,560,000	1,618	1,461
Province of Nova Scotia 4.50% 06-01-2037	500,000	600	507
Province of Ontario 1.55% 11-01-2029	7,096,000	6,979	6,095
Province of Ontario 3.45% 06-02-2045	780,000	890	681
Province of Ontario 3.75% 06-02-2032	1,745,000	1,743	1,705
Province of Ontario 3.75% 12-02-2053	18,123,000	17,112	16,630
Province of Quebec 2.85% 12-01-2053	961,000	768	735
Province of Quebec 3.25% 09-01-2032	4,174,000	3,928	3,917
Province of Quebec 3.50% 12-01-2045	3,210,000	3,595	2,828
Province of Quebec 3.50% 12-01-2048	610,000	705	534
Province of Quebec 3.65% 05-20-2032	630,000	630	614
Province of Saskatchewan 2.80% 12-02-2052	1,811,000	1,830	1,363

Core Bond Fund (PIM) SF531

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Provincial Government (continued)			
Province of Saskatchewan 3.10% 06-02-2050	2,770,000	2,880	2,237
Total Provincial Government		72,074	62,630
Municipal Government			
City of Montreal 3.15% 09-01-2028	274,000	299	262
City of Montreal 3.50% 09-01-2023	235,000	252	233
City of Ottawa 3.05% 05-10-2039	55,000	58	45
City of Ottawa 3.25% 11-10-2047	21,000	23	17
City of Toronto 5.20% 06-01-2040	287,000	394	306
Total Municipal Government		1,026	863
Corporate - Non-convertible			
407 International Inc. 1.80% 05-22-2025	1,521,000	1,555	1,426
407 International Inc. 3.30% 03-27-2045	27,000	27	21
407 International Inc. 3.67% 03-08-2049	535,000	471	440
407 International Inc. 4.19% 04-25-2042	466,000	539	422
407 International Inc. 4.22% 02-14-2028	309,000	309	302
407 International Inc. 5.96% 12-03-2035	550,000	760	602
Aeroports de Montreal 3.36% 04-24-2047	210,000	170	165
Aeroports de Montreal 3.918% 06-12-2045	26,000	24	22
Aeroports de Montreal 6.55% 10-11-2033	200,000	236	227
AIMCo Realty Investors LP 2.195% 11-04-2026	271,000	271	246
AIMCo Realty Investors LP 2.712% 06-01-2029	589,000	529	520
Algonquin Power & Utilities Corp. 4.09% 02-17-2027	51,000	58	48
Algonquin Power Co. 2.85% 07-15-2031	267,000	267	217
AltaGas Ltd. 2.166% 03-16-2027	485,000	485	430
AltaLink LP 3.668% 11-06-2023	116,000	125	115
AltaLink LP 3.99% 06-30-2042	60,000	72	53
AltaLink LP 4.692% 11-28-2032	130,000	130	130
ARC Resources Ltd. 2.354% 03-10-2026	290,000	290	265
ARC Resources Ltd. 3.465% 03-10-2031	292,000	292	253
Athabasca Indigenous Midstream LP 6.069% 02-05-2042	50,000	50	51
Athene Global Funding 3.127% 03-10-2025	259,000	259	245
Bank of Montreal 1.551% 05-28-2026	512,000	507	458
Bank of Montreal 1.758% 03-10-2026	425,000	425	385

Core Bond Fund (PIM) SF531

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Bank of Montreal 2.077% 06-17-2030	143,000	133	132
Bank of Montreal 2.70% 09-11-2024	1,700,000	1,639	1,639
Bank of Montreal 3.19% 03-01-2028	490,000	484	458
Bank of Montreal 3.65% 04-01-2027	243,000	243	231
Bank of Montreal 4.30% 11-26-2025	432,000	442	397
Bank of Montreal 4.309% 06-01-2027	1,002,000	994	977
Bank of Montreal 4.709% 12-07-2027	749,000	749	739
Bank of Montreal 6.534% 10-27-2032	1,292,000	1,321	1,343
Bank of Montreal 7.325% 11-26-2082	944,000	945	945
BCI QuadReal Realty 1.056% 03-12-2024	156,000	156	149
BCI QuadReal Realty 1.073% 02-04-2026	246,000	245	219
BCI QuadReal Realty 1.747% 07-24-2030	8,000	7	6
BCI QuadReal Realty 2.551% 06-24-2026	8,000	7	7
BCIMC Realty Corp. 2.84% 06-03-2025	87,000	92	83
Bell Canada Inc. 2.20% 05-29-2028	225,000	225	197
Bell Canada Inc. 3.00% 03-17-2031	18,000	16	16
Bell Canada Inc. 4.45% 02-27-2047	31,000	36	26
Bell Canada Inc. 5.85% 11-10-2032	13,000	14	14
BMW Canada Inc. 0.99% 01-14-2025	147,000	147	135
Brookfield Infrastructure Finance ULC 2.855% 09-01-2032	47,000	45	38
Brookfield Infrastructure Finance ULC 3.41% 10-09-2029	79,000	83	71
Brookfield Infrastructure Finance ULC 4.193% 09-11-2028	147,000	156	140
Brookfield Infrastructure Finance ULC 5.616% 11-14-2027	397,000	397	403
Brookfield Infrastructure Partners 3.315% 02-22-2024	30,000	32	29
Brookfield Renewable Energy Partners LP 3.63% 01-15-2027	274,000	295	260
Brookfield Renewable Partners ULC 4.25% 01-15-2029	1,479,000	1,684	1,423
Bruce Power LP 2.68% 12-21-2028	19,000	19	17
Bruce Power LP 4.00% 06-21-2030	45,000	50	42
Calgary Airport Authority 3.454% 10-07-2041	374,000	315	306
Calgary Airport Authority 3.554% 10-07-2051	123,000	107	98
Calgary Airport Authority 3.554% 10-07-2053	130,000	105	103
Canadian Core Real Estate 3.299% 03-02-2027	286,000	286	262
Canadian Imperial Bank of Commerce 1.10% 01-19-2026	5,756,000	5,666	5,126
Canadian Imperial Bank of Commerce 1.96% 04-21-2031	4,067,000	4,082	3,609
Canadian Imperial Bank of Commerce 2.00% 04-17-2025	2,743,000	2,800	2,564
Canadian Imperial Bank of Commerce 2.75% 03-07-2025	1,861,000	1,786	1,773
Canadian Imperial Bank of Commerce 4.00% 01-28-2082	310,000	310	245

Core Bond Fund (PIM) SF531

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Canadian Imperial Bank of Commerce 4.20% 04-07-2032	243,000	240	230
Canadian Imperial Bank of Commerce 4.375% 10-28-2025	15,000	16	14
Canadian Imperial Bank of Commerce 4.95% 06-29-2027	891,000	896	890
Canadian Imperial Bank of Commerce 5.05% 10-07-2027	743,000	740	743
Canadian Imperial Bank of Commerce 7.15% 07-28-2082	220,000	219	216
Canadian National Railway Co. 3.00% 02-08-2029	1,116,000	1,166	1,029
Canadian Natural Resources Ltd. 2.50% 01-17-2028	52,000	52	47
Canadian Natural Resources Ltd. 3.42% 12-01-2026	65,000	69	62
Canadian Pacific Railway Ltd. 2.54% 02-28-2028	714,000	714	642
Canadian Tire Corp. Ltd. 5.61% 09-04-2035	285,000	325	275
Canadian Utilities Ltd. 4.851% 06-03-2052	288,000	286	278
Canadian Western Bank 1.57% 09-14-2023	10,000	10	10
Canadian Western Bank 1.926% 04-16-2026	463,000	464	416
Canadian Western Bank 2.597% 09-06-2024	926,000	877	884
Canadian Western Bank 2.606% 01-30-2025	170,000	174	161
Canadian Western Bank 3.859% 04-21-2025	436,000	436	422
Canadian Western Bank 5.146% 09-02-2027	251,000	251	250
Canadian Western Bank 5.937% 12-22-2032	116,000	116	115
Capital Power Corp. 4.284% 09-18-2024	338,000	373	331
CDP Financial Inc. 1.50% 10-19-2026	720,000	719	658
Cenovus Energy Inc. 3.50% 02-07-2028	354,000	352	335
Central 1 Credit Union 2.584% 12-06-2023	82,000	85	80
CGI Inc. 2.10% 09-18-2028	184,000	184	159
Choice Properties REIT 2.456% 11-30-2026	156,000	156	141
Choice Properties REIT 2.848% 05-21-2027	320,000	328	291
Choice Properties REIT 3.532% 06-11-2029	75,000	68	68
Choice Properties REIT 6.003% 06-24-2032	193,000	193	199
Coast Capital Savings Federal Credit Union 5.00% 05-03-2028	44,000	47	44
Cogeco Communications Inc. 2.991% 09-22-2031	271,000	270	224
CPPIB Capital Inc. 2.25% 12-01-2031	40,000	40	35
Crombie REIT 2.686% 03-31-2028	560,000	560	488
Crombie REIT 3.133% 08-12-2031	88,000	88	71
Crombie REIT 3.677% 08-26-2026	16,000	17	15
CT REIT 2.371% 01-06-2031	45,000	42	35
CU Inc. 2.963% 09-07-2049	350,000	270	249
CU Inc. 3.548% 11-22-2047	7,000	6	6
CU Inc. 3.95% 11-23-2048	6,000	6	5

Core Bond Fund (PIM) SF531

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
CU Inc. 4.085% 09-02-2044	594,000	597	523
CU Inc. 4.773% 09-14-2052	270,000	270	264
Dollarama Inc. 5.084% 10-27-2025	101,000	101	101
Dream Industrial REIT 1.662% 12-22-2025	172,000	172	153
Dream Industrial REIT 2.057% 06-17-2027	221,000	221	191
Dream Industrial REIT 2.539% 12-07-2026	206,000	206	184
Dream Industrial REIT 3.968% 04-13-2026	99,000	99	94
Enbridge Gas Inc. 2.35% 09-15-2031	329,000	277	274
Enbridge Gas Inc. 2.37% 08-09-2029	76,000	65	67
Enbridge Gas Inc. 3.20% 09-15-2051	440,000	399	321
Enbridge Gas Inc. 3.65% 04-01-2050	50,000	54	40
Enbridge Gas Inc. 4.55% 08-17-2052	202,000	202	188
Enbridge Inc. 3.10% 09-21-2033	758,000	753	615
Enbridge Inc. 5.375% 09-27-2077	2,808,000	2,951	2,565
Enbridge Inc. 6.625% 04-12-2078	1,015,000	1,178	977
Enbridge Pipelines Inc. 3.79% 08-17-2023	65,000	69	64
Enbridge Pipelines Inc. 4.33% 02-22-2049	240,000	251	193
Enbridge Pipelines Inc. 5.33% 04-06-2040	450,000	516	425
Energir Inc. 2.10% 04-16-2027	128,000	131	117
Energir LP 4.67% 09-27-2032	201,000	201	199
EPCOR Utilities Inc. 3.554% 11-27-2047	40,000	41	32
EPCOR Utilities Inc. 4.725% 09-02-2052	271,000	271	264
Equitable Bank 1.876% 11-26-2025	48,000	43	43
Equitable Bank 3.362% 03-02-2026	227,000	227	211
Fairfax Financial Holdings Ltd. 3.95% 03-03-2031	1,137,000	1,084	997
Federation des Caisses Desjardins du Quebec 1.093% 01-21-2026	4,180,000	4,096	3,719
Federation des Caisses Desjardins du Quebec 1.587% 09-10-2026	205,000	205	182
Federation des Caisses Desjardins du Quebec 2.856% 05-26-2030	370,000	394	347
Federation des Caisses Desjardins du Quebec 4.407% 05-19-2027	333,000	333	325
Federation des Caisses Desjardins du Quebec 5.035% 08-23-2032	570,000	570	555
Federation des Caisses Desjardins du Quebec 5.20% 10-01-2025	442,000	442	443
First National Financial Corp. 2.961% 11-17-2025	17,000	17	16
Fortified Trust 1.964% 10-23-2026	618,000	618	551
Fortified Trust 3.76% 06-23-2025	328,000	328	317
Fortis Inc. 4.431% 05-31-2029	336,000	336	327
Gibson Energy Inc. 3.60% 09-17-2029	35,000	37	31
Government of Canada 2.75% 08-01-2024	7,364,000	7,271	7,205

Core Bond Fund (PIM) SF531

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Granite REIT Holdings LP 2.194% 08-30-2028	324,000	323	275
Granite REIT Holdings LP 3.062% 06-04-2027	115,000	121	105
Greater Toronto Airports Authority 2.75% 10-17-2039	1,080,000	1,089	819
Greater Toronto Airports Authority 3.15% 10-05-2051	40,000	32	30
Greater Toronto Airports Authority 5.30% 02-25-2041	500,000	651	525
Greater Toronto Airports Authority 5.63% 06-07-2040	121,000	164	132
Greater Toronto Airports Authority 6.47% 02-02-2034	175,000	243	199
Greater Toronto Airports Authority 7.05% 06-12-2030	254,000	290	289
Greater Toronto Airports Authority 7.10% 06-04-2031	254,000	294	293
H&R REIT 2.633% 02-19-2027	309,000	309	274
H&R REIT 2.906% 06-02-2026	673,000	688	614
H&R REIT 4.071% 06-16-2025	605,000	652	581
Home Trust Co. 5.317% 06-13-2024	317,000	317	312
Honda Canada Finance Inc. 1.337% 03-17-2026	215,000	215	192
Honda Canada Finance Inc. 1.646% 02-25-2028	404,000	403	344
HSBC Bank Canada 3.403% 03-24-2025	560,000	559	542
Hydro One Inc. 2.23% 09-17-2031	458,000	444	380
Hydro One Inc. 4.39% 09-26-2041	607,000	730	567
Hydro One Inc. 4.59% 10-09-2043	188,000	185	180
Hydro One Inc. 4.89% 03-13-2037	455,000	443	453
Hydro One Inc. 4.91% 01-27-2028	386,000	386	394
Hydro One Inc. 6.93% 06-01-2032	330,000	384	379
Hydro One Inc. 7.35% 06-03-2030	507,000	581	584
Hydro One Ltd. 1.41% 10-15-2027	39,000	38	34
iA Financial Corp. Inc. 2.40% 02-21-2025	14,000	14	13
Intact Financial Corp. 4.125% 03-31-2081	81,000	81	68
Intact Financial Corp. 5.459% 09-22-2032 144A	187,000	248	250
Inter Pipeline Ltd. 3.484% 12-16-2026	611,000	638	570
Inter Pipeline Ltd. 4.232% 06-01-2027	310,000	302	297
Inter Pipeline Ltd. 5.76% 02-17-2028	179,000	179	181
Inter Pipeline Ltd. 5.849% 05-18-2032	154,000	154	153
John Deere Financial Inc. 1.63% 04-09-2026	99,000	99	89
Keyera Corp. 3.959% 05-29-2030	1,040,000	1,105	941
Laurentian Bank of Canada 1.15% 06-03-2024	264,000	264	248
Laurentian Bank of Canada 1.603% 05-06-2026	86,000	86	78
Laurentian Bank of Canada 4.60% 09-02-2025	346,000	346	339
Loblaw Companies Ltd. 2.284% 05-07-2030	169,000	140	142

Core Bond Fund (PIM) SF531

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Loblaw Companies Ltd. 5.008% 09-13-2032	239,000	239	237
Loblaw Companies Ltd. 5.336% 09-13-2052	181,000	181	181
Lower Mattagami Energy LP 2.433% 05-14-2031	280,000	280	239
Lower Mattagami Energy LP 4.854% 10-31-2033	160,000	160	162
Manulife Bank of Canada 1.536% 09-14-2026	426,000	426	377
Manulife Bank of Canada 2.864% 02-16-2027	500,000	500	461
Manulife Financial Corp. 3.049% 08-20-2029	234,000	248	225
Manulife Financial Corp. 7.117% 06-19-2082	352,000	352	345
MCAP Commercial LP 3.743% 08-25-2025	29,000	30	27
National Bank of Canada 1.534% 06-15-2026	238,000	230	213
National Bank of Canada 2.545% 07-12-2024	9,451,000	9,889	9,085
National Bank of Canada 2.58% 02-03-2025	1,836,000	1,853	1,745
National Bank of Canada 2.983% 03-04-2024	841,000	831	819
National Bank of Canada 3.183% 02-01-2028	105,000	109	105
National Bank of Canada 5.296% 11-03-2025	275,000	276	277
National Bank of Canada 5.426% 08-16-2032	564,000	564	558
North West Redwater Partnership 2.80% 06-01-2027	3,396,000	3,532	3,142
North West Redwater Partnership 3.20% 04-24-2026	1,367,000	1,408	1,300
North West Redwater Partnership 3.20% 07-22-2024	1,000,000	1,001	972
North West Redwater Partnership 3.70% 02-23-2043	995,000	972	799
North West Redwater Partnership/NWR Financing Co. Ltd. 2.80% 06-01-2031	619,000	618	528
OMERS Finance Trust 2.60% 05-14-2029	62,000	65	57
OMERS Realty Corp. 3.628% 06-05-2030	5,000	6	5
Ontario Teachers' Finance Trust 4.45% 06-02-2032	284,000	283	289
Pembina Pipeline Corp. 4.02% 03-27-2028	124,000	136	118
Pembina Pipeline Corp. 4.74% 01-21-2047	69,000	76	58
Pembina Pipeline Corp. 4.81% 03-25-2044	1,225,000	1,300	1,052
Prime Structured Mortgage Trust 1.856% 11-15-2024	336,000	336	316
Province of Quebec 4.40% 12-01-2055	5,737,000	6,022	5,942
PSP Capital Inc. 2.05% 01-15-2030	8,000	8	7
PSP Capital Inc. 2.60% 03-01-2032	100,000	100	89
Reliance LP 2.67% 08-01-2028	291,000	291	251
Reliance LP 2.68% 12-01-2027	783,000	793	688
Reliance LP 3.75% 03-15-2026	17,000	18	16
RioCan REIT 2.361% 03-10-2027	27,000	27	24
RioCan REIT 2.576% 02-12-2025	412,000	421	387

Core Bond Fund (PIM) SF531

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
RioCan REIT 4.628% 05-01-2029	100,000	100	93
RioCan REIT 2.829% 11-08-2028	256,000	240	218
Rogers Communications Inc. 3.75% 04-15-2029	780,000	779	721
Rogers Communications Inc. 6.68% 11-04-2039	26,000	36	28
Royal Bank of Canada 2.088% 06-30-2030	4,676,000	4,764	4,301
Royal Bank of Canada 2.14% 11-03-2031	440,000	440	387
Royal Bank of Canada 2.328% 01-28-2027	664,000	598	600
Royal Bank of Canada 2.88% 12-23-2029	370,000	388	351
Royal Bank of Canada 3.369% 09-29-2025	835,000	812	800
Royal Bank of Canada 4.50% 11-24-2080	35,000	37	32
Royal Bank of Canada 4.612% 07-26-2027	946,000	935	934
Royal Bank of Canada 5.235% 11-02-2026	533,000	535	538
Sagen MI Canada Inc. 3.261% 03-05-2031	279,000	278	229
Sagen MI Canada Inc. 4.95% 03-24-2081	185,000	185	148
Saputo Inc. 2.876% 11-19-2024	3,374,000	3,519	3,236
Shaw Communications Inc. 6.75% 11-09-2039	34,000	47	36
Sienna Senior Living Inc. 2.82% 03-31-2027	100,000	100	89
Sienna Senior Living Inc. 3.45% 02-27-2026	470,000	480	437
Summit Industrial Income REIT 1.82% 04-01-2026	468,000	464	417
Summit Industrial Income REIT 2.25% 01-12-2027	148,000	148	131
Summit Industrial Income REIT 2.44% 07-14-2028	454,000	446	390
Sun Life Financial Inc. 2.06% 10-01-2035	69,000	66	54
Sun Life Financial Inc. 2.38% 08-13-2029	247,000	257	235
Sun Life Financial Inc. 2.58% 05-10-2032	4,060,000	4,165	3,636
Sun Life Financial Inc. 2.80% 11-21-2033	619,000	619	541
Sun Life Financial Inc. 4.78% 08-10-2034	452,000	450	437
Suncor Energy Inc. 3.95% 03-04-2051	309,000	305	232
TELUS Corp. 2.05% 10-07-2030	885,000	833	711
TELUS Corp. 2.35% 01-27-2028	33,000	33	29
TELUS Corp. 3.15% 02-19-2030	221,000	234	196
TELUS Corp. 3.30% 05-02-2029	747,000	770	678
TELUS Corp. 5.25% 11-15-2032	213,000	212	212
Teranet Holdings LP 3.544% 06-11-2025	57,000	61	54
Teranet Holdings LP 3.719% 02-23-2029	658,000	658	597
The Bank of Nova Scotia 1.95% 01-10-2025	790,000	770	743
The Bank of Nova Scotia 2.95% 03-08-2027	1,886,000	1,766	1,744
The Bank of Nova Scotia 3.10% 02-02-2028	1,450,000	1,517	1,351

Core Bond Fund (PIM) SF531

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
The Bank of Nova Scotia 3.934% 05-03-2032	316,000	316	295
The Bank of Nova Scotia 5.50% 05-08-2026	594,000	594	603
The Bank of Nova Scotia 7.023% 07-27-2082	1,156,000	1,149	1,130
The Empire Life Insurance Co. 3.625% 04-17-2026	135,000	135	108
The Independent Order of Foresters 2.885% 10-15-2035	251,000	252	206
The Toronto-Dominion Bank 1.888% 03-08-2028	1,100,000	1,099	948
The Toronto-Dominion Bank 1.943% 03-13-2025	173,000	177	162
The Toronto-Dominion Bank 2.26% 01-07-2027	789,000	743	712
The Toronto-Dominion Bank 2.667% 09-09-2025	1,122,000	1,069	1,056
The Toronto-Dominion Bank 2.85% 03-08-2024	796,000	828	775
The Toronto-Dominion Bank 3.06% 01-26-2032	2,103,000	2,118	1,913
The Toronto-Dominion Bank 3.105% 04-22-2030	813,000	825	770
The Toronto-Dominion Bank 4.21% 06-01-2027	417,000	417	405
The Toronto-Dominion Bank 4.68% 01-08-2029	354,000	354	349
The Toronto-Dominion Bank 5.376% 10-21-2027	305,000	305	310
The Toronto-Dominion Bank 7.283% 10-31-2082	466,000	466	463
Thomson Reuters Corp. 2.239% 05-14-2025	843,000	868	793
TMX Group Ltd. 2.016% 02-12-2031	161,000	160	130
Toronto Hydro Corp. 2.47% 10-20-2031	230,000	230	196
Toronto-Dominion Bank 4.34% 01-27-2026	1,781,000	1,757	1,746
Tourmaline Oil Corp. 2.077% 01-25-2028	119,000	119	103
Tourmaline Oil Corp. 2.529% 02-12-2029	156,000	156	135
Toyota Credit Canada Inc. 1.18% 02-23-2026	480,000	457	428
TransCanada PipeLines Ltd. 3.30% 07-17-2025	990,000	1,074	950
TransCanada PipeLines Ltd. 3.80% 04-05-2027	2,022,000	2,124	1,930
TransCanada PipeLines Ltd. 4.18% 07-03-2048	83,000	82	65
TransCanada PipeLines Ltd. Floating Rate 05-18-2077	2,085,000	2,162	1,866
TransCanada Trust 4.20% 03-04-2081	623,000	622	498
Transcontinental Inc. 2.667% 02-03-2025	105,000	99	99
Ventas Canada Finance Ltd. 2.80% 04-12-2024	584,000	597	563
Waste Management of Canada Corp. 2.60% 09-23-2026	720,000	757	664
WSP Global Inc. 2.408% 04-19-2028	580,000	584	511
Total Corporate - Non-convertible		167,365	153,913
Total Canadian Bonds		306,874	282,941

Core Bond Fund (PIM) SF531

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Bonds			
Federal Government			
United States Treasury 2.75% 08-15-2032	3,294,000	4,108	4,060
United States Treasury Inflation Index 0.125% 02-15-2052 Real Return	1,489,000	2,152	1,394
Total Federal Government		6,260	5,454
Corporate - Non-convertible			
Amazon.com Inc. 3.95% 04-13-2052	180,000	222	205
Amazon.com Inc. 4.70% 12-01-2032	466,000	633	627
AT&T Inc. 4.85% 05-25-2047	210,000	189	183
AT&T Inc. 5.10% 11-25-2048	458,000	464	412
Athene Global Funding 2.47% 06-09-2028	330,000	297	281
Athene Global Funding Floating Rate 04-09-2024	691,000	691	686
Bank of America Corp. 1.978% 09-15-2027	887,000	856	790
Bank of America Corp. 2.598% 04-04-2029	2,012,000	2,050	1,771
Bank of America Corp. 3.615% 03-16-2028	314,000	314	295
JPMorgan Chase & Co. 1.896% 03-05-2028	705,000	701	622
McDonald's Corp. 3.125% 03-04-2025	49,000	52	47
Nestle Holdings Inc. 2.192% 01-26-2029	328,000	328	287
NextEra Energy Capital Holdings Inc. 1.90% 06-15-2028	193,000	232	224
The Goldman Sachs Group Inc. 2.013% 02-28-2028	214,000	209	183
The Goldman Sachs Group Inc. 2.599% 11-30-2027	618,000	618	559
The Walt Disney Co. 3.057% 03-30-2027	3,508,000	3,724	3,262
T-Mobile USA Inc. 5.20% 01-15-2023	393,000	513	527
Verizon Communications Inc. 2.375% 03-22-2028	1,398,000	1,396	1,243
Wells Fargo & Co. 2.975% 05-19-2026	1,201,000	1,142	1,119
Total Corporate - Non-convertible		14,631	13,323
Total United States Bonds		20,891	18,777
Global Bonds			
Australia			
Transurban Finance Co. Pty Ltd. 4.555% 11-14-2028	230,000	252	222
Austria			
Suzano Austria GmbH 2.50% 09-15-2028	220,000	276	251

Core Bond Fund (PIM) SF531

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Bonds (continued)			
Chile			
Colbun SA 3.15% 01-19-2032	275,000	340	316
Japan			
Renesas Electronics Corp. 1.543% 11-26-2024	250,000	315	310
Renesas Electronics Corp. 2.17% 11-25-2026	290,000	365	337
Jersey			
Heathrow Funding Ltd. 2.694% 10-13-2027	224,000	224	200
Heathrow Funding Ltd. 3.40% 03-08-2028	48,000	50	44
Heathrow Funding Ltd. 3.726% 04-13-2033	353,000	361	298
Heathrow Funding Ltd. 3.782% 09-04-2030	24,000	25	21
Luxembourg			
Aroundtown SA 4.625% 09-18-2025	58,000	63	54
Mexico			
Becle SAB de CV 2.50% 10-14-2031	335,000	420	352
Netherlands			
NXP BV/NXP Funding LLC/NXP USA Inc. 2.65% 02-15-2032	110,000	141	117
United Kingdom			
Anglian Water Services Financing PLC 4.525% 08-26-2032	213,000	213	203
Lloyds Banking Group PLC 3.50% 02-03-2025	77,000	83	73
National Grid Electricity Transmission PLC 2.301% 06-22-2029	464,000	464	395
Supra - National			
International Bank for Reconstruction and Development 1.95% 09-20-2029	43,000	43	38
Total Global Bonds		3,635	3,231
Total Bonds		331,400	304,949
Canadian Common Stock			
Exchange Traded Funds			
BMO High Yield US Corporate Bond Hedged to CAD Index ETF	11,350	149	122

Core Bond Fund (PIM) SF531

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock (continued)			
Exchange Traded Funds (continued)			
Mackenzie Canadian Aggregate Bond Index ETF *	54,000	4,870	4,850
Mackenzie Emerging Markets Local Currency Bond Index ETF *	54,150	4,900	4,241
Total Canadian Common Stock		9,919	9,213
Canadian Preferred Stock			
Communication Services			
BCE Inc. 2.75% Preferred	77	1	1
Financials			
Brookfield Corp. 4.80% Preferred Conv.	275	7	6
Total Canadian Preferred Stock		8	7
Global Common Stock			
Bermuda			
Brookfield Renewable Partners LP 5.00% Preferred	200	5	4
Total Global Common Stock		5	4
Total Stocks		9,932	9,224

*The issuer of this security is a related company to the issuer of the Fund.

Core Bond Fund (PIM) SF531

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, contracts, shares, par value or contract price)

As at December 31, 2022

Schedule of Derivative Contracts

Futures Contracts

No. of Contracts	Average Contract Price	Futures Contracts	Maturity Date	Notional Amount	Price as at December 31	Unrealized Gain (Loss)
(211)	CAD 119.47	EURO-BOBL FUTURE 03-31-2023	March 31, 2023	EUR 24,423	CAD 115.75	131
(26)	CAD 147.88	JPN 10Y BOND (OSE) 03-31-2023	March 31, 2023	JPY 3,781,960	CAD 145.46	19
Derivatives - Assets						150
Total Futures Contracts						150

Total Derivative Instruments at Fair Value

150

Total Investments

341,332

314,323

Core Bond Fund (PIM) SF531

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Core Bond Fund (PIM) SF531 (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2022 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2022

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 8,970	\$ 6,630	\$ 15,600	\$ 156
Other Currencies	—	(44)	(44)	—
Total	\$ 8,970	\$ 6,586	\$ 15,556	\$ 156
As Percent of Net Assets Attributable to Contractholders			4.7%	

*Includes both monetary and non-monetary instruments

Core Bond Fund (PIM) SF531

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 2,470	\$ 162	\$ 2,632	\$ 26
Total	\$ 2,470	\$ 162	\$ 2,632	\$ 26
As Percent of Net Assets Attributable to Contractholders				0.6%

*Includes both monetary and non-monetary instruments

D. Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Due to the nature of short-term fixed income securities with a remaining term-to-maturity of less than one year, these investments are not generally exposed to a significant risk that their value will fluctuate in response to changes in the prevailing levels of market interest rates. The risk is professionally managed at the security and fund level by the Company.

The table below summarizes the Fund's exposure to interest rate risk by remaining term-to-maturity.

2022

	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ 1,029	\$ 110,244	\$ 115,018	\$ 78,658	\$ 304,949

2021

	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ 3,960	\$ 159,522	\$ 106,450	\$ 116,554	\$ 386,486

As at December 31, 2022, had prevailing interest rates increased or decreased by 1% assuming a parallel shift in the yield curve, with all other variables held constant, net assets attributable to contractholders would have decreased or increased, respectively, by approximately \$21,681 (\$26,441 at December 31, 2021) or approximately 6.6% (6.3% at December 31, 2021). The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual results may differ and the difference could be significant.

E. Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt instruments includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt instruments represents the maximum credit risk exposure as at December 31, 2022. The amount of credit risk to any one issuer may be determined from the information reported in the Schedule of Investment Portfolio. The Fund may invest in short-term fixed income securities issued or guaranteed primarily by the Government of Canada or any Canadian provincial government, obligations of Canadian chartered banks or trust companies, and commercial paper with approved credit ratings. The risk of default on these short-term fixed income securities is considered low. The Company monitors credit risk and credit ratings on a regular basis. All new counterparties to financial instruments are subject to an approval process.

There was no change in fair values of financial liabilities as a result of changes in credit risks during 2022 or 2021.

Core Bond Fund (PIM) SF531

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Credit Risk (continued)

All transactions in listed securities are settled and paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Credit ratings disclosed below are obtained from independent rating agencies including DBRS, Standard & Poor's, Moody's Investors Service and Fitch Ratings. The lowest rating provided by the agencies is used.

Debt securities by credit rating are as follows:

	2022		2021	
	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)
AAA	7.2	6.6	15.5	14.3
AA	29.1	26.9	24.8	23.0
A	36.6	33.9	27.8	25.8
BBB	27.1	25.1	31.7	29.4
BB and lower	—	—	0.1	0.1
NR *	—	—	0.1	0.1
Total	100.0	92.5	100.0	92.7

*Bonds disclosed as NR are mortgage backed securities or privately placed bonds or bonds that have not been rated by a rating agency.

F. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2022, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$92 (\$62 at December 31, 2021) or approximately 0.0% (0.0% at December 31, 2021) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

Core Bond Fund (PIM) SF531

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

G. Fair Value Classification

The following table presents information about the Fund's assets and liabilities measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

	2022			
	Assets and Liabilities Measured at Fair Value			
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total
Bonds	\$ —	\$ 304,949	\$ —	\$ 304,949
Stocks	9,224	—	—	9,224
Derivatives	150	—	—	150
Total assets measured at fair value	\$ 9,374	\$ 304,949	\$ —	\$ 314,323
Liabilities measured at fair value				
Derivatives ⁽¹⁾	\$ —	\$ —	\$ —	\$ —
Net assets attributable to contractholders measured at fair value	\$ 9,374	\$ 304,949	\$ —	\$ 314,323

⁽¹⁾ Excludes collateral pledged to counterparties of \$1,441.

	2021			
	Assets and Liabilities Measured at Fair Value			
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total
Bonds	\$ —	\$ 386,486	\$ —	\$ 386,486
Stocks	6,217	—	—	6,217
Derivatives	—	—	—	—
Total assets measured at fair value	\$ 6,217	\$ 386,486	\$ —	\$ 392,703
Liabilities measured at fair value				
Derivatives ⁽¹⁾	\$ —	\$ —	\$ —	\$ —
Net assets attributable to contractholders measured at fair value	\$ 6,217	\$ 386,486	\$ —	\$ 392,703

⁽¹⁾ Excludes collateral pledged to counterparties of \$721.

There were no significant transfers between Level 1 and Level 2 during 2022 or 2021.

Core Bond Fund (PIM) SF531

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	1,134,696	1,088,708	1,259,153	250,027	12,815	10,695	11,602	14,042	2,618	128
75/100 guarantee policy	2,278,592	2,616,968	2,983,956	975,622	82,696	21,393	27,796	33,184	10,194	824
100/100 guarantee policy	236,257	163,661	294,525	17,602	6,627	2,208	1,731	3,263	183	66
PS1 75/75 guarantee policy	899,200	868,290	1,035,759	357,131	9,469	8,878	9,638	11,962	3,851	97
PS1 75/100 guarantee policy	1,823,373	1,890,098	2,011,731	1,139,566	29,388	17,931	20,907	23,165	12,260	300
PS1 100/100 guarantee policy	126,799	125,204	87,791	7,998	—	1,237	1,375	1,005	86	—
PS2 75/75 guarantee policy	188,256	232,724	285,385	52,156	—	2,051	2,812	3,538	596	—
PS2 75/100 guarantee policy	432,171	502,698	490,623	258,968	11,611	4,709	6,073	6,082	2,957	124
PS 75/75 guarantee policy	73,946	74,040	97,650	39,177	—	715	805	1,104	414	—
PS 75/100 guarantee policy	220,839	213,775	192,331	39,418	1,006	2,129	2,318	2,172	416	10
PS 100/100 guarantee policy	1,521	24,023	29,762	3,822	—	15	260	336	40	—
PPS 75/75 guarantee policy	213,633	197,559	175,431	26,595	—	2,117	2,189	2,011	283	—
PPS 75/100 guarantee policy	92,509	139,718	106,894	53,589	—	915	1,545	1,224	570	—
PPS 100/100 guarantee policy	13,163	7,563	232,548	—	—	130	83	2,656	—	—
75/75 Constellation	1,022,329	922,507	239,955	—	—	9,270	9,416	2,552	—	—
75/100 Constellation	682,827	646,384	272,175	—	—	6,172	6,584	2,891	—	—
100/100 Constellation	43,012	37,417	7,362	—	—	388	381	78	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	9.43	10.66	11.15	10.47	9.98	(1.23)	(0.49)
75/100 guarantee policy	9.39	10.62	11.12	10.45	9.96	(1.23)	(0.50)
100/100 guarantee policy	9.34	10.58	11.08	10.42	9.93	(1.24)	(0.50)
PS1 75/75 guarantee policy	9.87	11.10	11.55	10.78	10.22	(1.23)	(0.45)
PS1 75/100 guarantee policy	9.83	11.06	11.52	10.76	10.20	(1.23)	(0.46)
PS1 100/100 guarantee policy	9.76	10.99	11.45	10.71	—	(1.23)	(0.46)
PS2 75/75 guarantee policy	10.90	12.08	12.40	11.42	—	(1.18)	(0.32)
PS2 75/100 guarantee policy	10.90	12.08	12.40	11.42	10.67	(1.18)	(0.32)
PS 75/75 guarantee policy	9.66	10.87	11.31	10.56	—	(1.21)	(0.44)
PS 75/100 guarantee policy	9.64	10.85	11.29	10.55	10.00	(1.21)	(0.44)
PS 100/100 guarantee policy	9.62	10.82	11.28	10.54	—	(1.20)	(0.46)
PPS 75/75 guarantee policy	9.91	11.08	11.46	10.65	—	(1.17)	(0.38)
PPS 75/100 guarantee policy	9.89	11.06	11.45	10.64	—	(1.17)	(0.39)
PPS 100/100 guarantee policy	9.84	11.02	11.42	—	—	(1.18)	(0.40)
75/75 Constellation	9.07	10.21	10.63	—	—	(1.14)	(0.42)
75/100 Constellation	9.04	10.19	10.62	—	—	(1.15)	(0.43)
100/100 Constellation	9.02	10.17	10.61	—	—	(1.15)	(0.44)

Core Bond Fund (PIM) SF531

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Core Bond Fund (PIM) SF531

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Core Bond Fund (PIM) SF531

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Core Bond Fund (PIM) SF531

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Bonds and Stocks

Bonds and stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Core Bond Fund (PIM) SF531

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Derivatives

Derivatives are classified and measured at fair value. Derivatives are valued using market transactions and other market evidence whenever possible, including market based inputs to models, broker or dealer quotations or alternative pricing sources with reasonable levels of transparency. When models are used, the selection of a particular model to value a derivative depends on the contractual terms of, and specific risks inherent in, the instrument, as well as the availability of pricing information in the market. The Company generally uses similar models to value similar instruments. Valuation models require a variety of inputs, including contractual terms, market prices and rates, yield curves, credit curves, measures volatility, prepayment rates and correlations of such inputs.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Interest income on debt securities - included in the change in fair value of such investments and recorded on the accrual basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Core Bond Fund (PIM) SF531

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

Core Bond Fund (PIM) SF531

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Income Allocation

Net gain (loss) on investments, which includes dividend income, interest income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

Core Bond Fund (PIM) SF531

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S1C 75/75 Constellation IC Wealth,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S2C 75/75 Constellation IC Wealth,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy,
- Option S3HF PPS 100/100 guarantee policy, and
- Option S3C 75/75 Constellation IC Wealth.

Portfolio units are those units owned by the Asset Allocation Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Core Bond Fund (PIM) SF531

Notes to the Financial Statements

(in Canadian \$ thousands)

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

7. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative contracts, including forward currency, futures and equity swap contracts, are valued at the gain or loss that would arise as a result of closing the position at the reporting date. Options are recorded at fair value as at the reporting date. The Fund may use derivative contracts to hedge against losses caused by changes in securities prices, interest rates, exchange rates and/or other risks. The Fund may also use derivative contracts for non-hedging purposes in order to invest indirectly in financial markets or to gain exposure to other currencies, provided the use of such derivatives is consistent with the Fund's investment objectives and strategies. Foreign currency risk and exposure may be direct or indirect and can include all or a portion of the currency exposure of an existing investment or group of investments. Any such gain or loss on derivative contracts is recorded as part of net gain (loss) on investments.

As at the reporting date, the unrealized gain (loss) on derivative contracts is reflected on the Statement of Financial Position of the Fund.

The Fund manages derivative credit risk through collateral arrangements where required. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented by the Fund regarding the acceptability of types of collateral and the valuation parameters. The Fund Manager monitors the value of the collateral and requests additional collateral when needed.

Core Bond Fund (PIM) SF531

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Core Bond Fund (PIM) SF531

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	1.96	1.97	1.92	1.90	2.00
75/100 guarantee policy	2.02	2.02	1.98	1.96	2.04
100/100 guarantee policy	2.06	2.08	2.03	2.02	2.09
PS1 75/75 guarantee policy	1.39	1.39	1.36	1.34	1.36
PS1 75/100 guarantee policy	1.45	1.45	1.42	1.39	1.39
PS1 100/100 guarantee policy	1.56	1.55	1.52	1.50	—
PS 75/75 guarantee policy	1.41	1.41	1.38	1.37	—
PS 75/100 guarantee policy	1.46	1.46	1.43	1.41	1.42
PS 100/100 guarantee policy	1.52	1.52	1.49	1.48	—
PPS 75/75 guarantee policy	0.83	0.83	0.81	0.80	—
PPS 75/100 guarantee policy	0.89	0.89	0.87	0.87	—
PPS 100/100 guarantee policy	1.00	1.01	0.98	—	—
75/75 Constellation	1.52	1.51	1.48	—	—
75/100 Constellation	1.63	1.62	1.59	—	—
100/100 Constellation	1.68	1.67	1.66	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	113.67	94.22	7.94	14.80	17.43

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
EMERGING MARKETS FUND (MACKENZIE) SF532

December 31, 2022

Independent Auditor's Report

To the Contractholders of Emerging Markets Fund (Mackenzie) SF532 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Emerging Markets Fund (Mackenzie) SF532

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	1	1
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	6,552	8,637
Total investments	6,552	8,637
Total assets	\$ 6,553	\$ 8,638
Liabilities		
Overdrafts	\$ —	\$ 2
Due to The Canada Life Assurance Company (note 8)	6	3
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	6	5
Net assets attributable to contractholders	\$ 6,547	\$ 8,633

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (1,084)	\$ 645
Miscellaneous income (loss)	—	—
Total income (loss)	(1,084)	645
Expenses		
Management fees (note 8)	198	274
Other	19	26
Total expenses	217	300
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (1,301)	\$ 345

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 8,633	\$ 9,402
Contractholder deposits	129	188
Contractholder withdrawals	(914)	(1,302)
Increase (decrease) in net assets from operations attributable to contractholders	(1,301)	345
Change in net assets attributable to contractholders	(2,086)	(769)
Net assets attributable to contractholders - end of year	\$ 6,547	\$ 8,633

Emerging Markets Fund (Mackenzie) SF532

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (1,301)	\$ 345
Adjustments		
Realized (gains) losses	(17)	(262)
Unrealized (gains) losses	1,400	(109)
Gross proceeds of disposition of investments	1,080	1,569
Gross payments for the purchase of investments	(79)	(145)
Distribution income of underlying mutual fund	(299)	(274)
Change in due from/to The Canada Life Assurance Company	3	1
Change in due from/to brokers	—	10
	<u>787</u>	<u>1,135</u>
Financing Activities		
Contractholder deposits	129	188
Contractholder withdrawals	(914)	(1,302)
	<u>(785)</u>	<u>(1,114)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	2	21
Cash, short-term deposits and overdrafts, beginning of year	<u>(2)</u>	<u>(23)</u>
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ (2)</u>

Emerging Markets Fund (Mackenzie) SF532

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Mackenzie Emerging Markets Fund *	718,914	7,001	6,552
Total Investments		7,001	6,552

Top 25 Holdings

Security Description	% of Total
Taiwan Semiconductor Manufacturing Co. Ltd.	6.27%
Tencent Holdings Ltd.	3.05%
Meituan Class B	3.02%
China Construction Bank Corp.	2.41%
BYD Co. Ltd.	1.96%
China Petroleum and Chemical Corp. Class H	1.82%
Grupo Financiero Banorte SAB de CV	1.76%
Delta Electronics Inc.	1.72%
Jindal Steel & Power Ltd.	1.70%
Mahindra & Mahindra Ltd.	1.63%
PICC Property & Casualty Co. Ltd.	1.63%
Petrochina Co. Ltd.	1.61%
China Unicom (Hong Kong) Ltd.	1.59%
Samsung Electronics Co. Ltd.	1.59%
Shenzhen Salubris Pharmaceuticals Co. Ltd.	1.51%
Osstem Implant Co. Ltd.	1.49%
Central Retail Corp. PCL	1.48%
Global Unichip Corp.	1.41%
Alibaba Group Holding Ltd.	1.39%
China Tower Corp. Ltd.	1.37%
ITC Ltd.	1.33%
LG Innotek Co. Ltd.	1.32%
Zhen Ding Technology Holding Ltd.	1.32%
Cholamandalam Investment and Finance Co. Ltd.	1.28%
Old Mutual Ltd.	1.26%

*The issuer of this security is a related company to the issuer of the Fund.

Emerging Markets Fund (Mackenzie) SF532

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	111,575	123,830	149,072	242,215	288,363	1,347	1,777	2,075	2,917	3,184
75/100 guarantee policy	207,554	236,079	285,787	444,862	583,441	2,466	3,341	3,933	5,307	6,396
100/100 guarantee policy	44,436	51,655	55,038	70,025	80,147	516	716	745	824	869
PS1 75/75 guarantee policy	30,197	31,083	23,673	32,466	58,819	385	468	343	404	665
PS1 75/100 guarantee policy	97,718	105,426	107,959	115,296	93,125	1,207	1,543	1,528	1,407	1,039
PS1 100/100 guarantee policy	15,612	15,612	15,612	21,576	29,974	187	222	216	259	330
PS2 75/75 guarantee policy	12,881	12,807	13,877	28,265	32,324	197	225	229	390	396
PS2 75/100 guarantee policy	14,686	18,252	18,053	61,436	70,861	225	321	298	849	869
PS2 100/100 guarantee policy	—	—	—	—	6,046	—	—	—	—	74
PS 75/75 guarantee policy	652	652	652	757	652	7	8	8	8	6
PS 75/100 guarantee policy	959	1,018	2,392	3,278	—	10	12	27	32	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	12.07	14.35	13.92	12.04	11.04	(2.28)	0.43
75/100 guarantee policy	11.88	14.15	13.76	11.93	10.96	(2.27)	0.39
100/100 guarantee policy	11.61	13.87	13.53	11.77	10.85	(2.26)	0.34
PS1 75/75 guarantee policy	12.75	15.04	14.48	12.43	11.31	(2.29)	0.56
PS1 75/100 guarantee policy	12.36	14.64	14.16	12.21	11.15	(2.28)	0.48
PS1 100/100 guarantee policy	11.97	14.25	13.84	11.98	11.00	(2.28)	0.41
PS2 75/75 guarantee policy	15.29	17.58	16.50	13.82	12.26	(2.29)	1.08
PS2 75/100 guarantee policy	15.29	17.58	16.50	13.82	12.26	(2.29)	1.08
PS2 100/100 guarantee policy	—	—	—	—	12.26	—	—
PS 75/75 guarantee policy	10.21	12.00	11.52	9.86	8.94	(1.79)	0.48
PS 75/100 guarantee policy	10.11	11.91	11.46	9.82	—	(1.80)	0.45

Emerging Markets Fund (Mackenzie) SF532

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Emerging Markets Fund (Mackenzie) SF532 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Emerging Markets Fund (Mackenzie) SF532

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Emerging Markets Fund (Mackenzie) SF532

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Emerging Markets Fund (Mackenzie) SF532

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

Emerging Markets Fund (Mackenzie) SF532

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

Emerging Markets Fund (Mackenzie) SF532

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Emerging Markets Fund (Mackenzie) SF532

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

Emerging Markets Fund (Mackenzie) SF532

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Emerging Markets Fund (Mackenzie) SF532

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Emerging Markets Fund (Mackenzie) SF532

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Emerging Markets Fund (Mackenzie) SF532

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	3.29	3.31	3.32	3.31	3.28
75/100 guarantee policy	3.51	3.53	3.54	3.53	3.50
100/100 guarantee policy	3.83	3.85	3.87	3.86	3.82
PS1 75/75 guarantee policy	2.55	2.55	2.54	2.55	2.52
PS1 75/100 guarantee policy	2.99	2.99	2.97	2.98	2.96
PS1 100/100 guarantee policy	3.42	3.43	3.41	3.42	3.40
PS 75/75 guarantee policy	2.18	2.21	2.22	2.20	2.18
PS 75/100 guarantee policy	2.40	2.43	2.44	2.43	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
PS1 75/75 guarantee policy	2.55	2.57	2.60	2.58	2.55
PS1 75/100 guarantee policy	2.99	3.01	3.03	3.01	2.99
PS1 100/100 guarantee policy	3.42	3.45	3.47	3.45	3.43

Portfolio Turnover Rate (%) ⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	1.11	1.51	0.95	14.43	203.39

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
PATHWAYS CORE PLUS BOND FUND (MACKENZIE) SF540

December 31, 2022

Independent Auditor's Report

To the Contractholders of Pathways Core Plus Bond Fund (Mackenzie) SF540 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Pathways Core Plus Bond Fund (Mackenzie) SF540

(in Canadian \$ thousands)

Fund Manager: Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 256	\$ 74
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	157
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	39,075	41,305
Total investments	39,075	41,305
Total assets	\$ 39,331	\$ 41,536
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	24	—
Due to brokers	4	120
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	28	120
Net assets attributable to contractholders	\$ 39,303	\$ 41,416

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (4,451)	\$ (409)
Miscellaneous income (loss)	—	—
Total income (loss)	(4,451)	(409)
Expenses		
Management fees (note 8)	545	539
Other	64	65
Total expenses	609	604
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (5,060)	\$ (1,013)

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 41,416	\$ 29,176
Contractholder deposits	8,554	19,252
Contractholder withdrawals	(5,607)	(5,999)
Increase (decrease) in net assets from operations attributable to contractholders	(5,060)	(1,013)
Change in net assets attributable to contractholders	(2,113)	12,240
Net assets attributable to contractholders - end of year	\$ 39,303	\$ 41,416

Pathways Core Plus Bond Fund (Mackenzie) SF540

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (5,060)	\$ (1,013)
Adjustments		
Realized (gains) losses	702	127
Unrealized (gains) losses	4,916	1,099
Gross proceeds of disposition of investments	5,886	4,813
Gross payments for the purchase of investments	(8,107)	(17,543)
Distribution income of underlying mutual fund	(1,167)	(817)
Change in due from/to The Canada Life Assurance Company	181	(124)
Change in due from/to brokers	(116)	(227)
	<u>(2,765)</u>	<u>(13,685)</u>
Financing Activities		
Contractholder deposits	8,554	19,252
Contractholder withdrawals	(5,607)	(5,999)
	<u>2,947</u>	<u>13,253</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	182	(432)
Cash, short-term deposits and overdrafts, beginning of year	74	506
Cash, short-term deposits and overdrafts, end of year	\$ 256	\$ 74

Pathways Core Plus Bond Fund (Mackenzie) SF540

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Canada Life Pathways Core Plus Bond Fund Series S *	4,361,320	44,802	39,075
Total Investments		44,802	39,075

Top 25 Holdings

Security Description	% of Total
Cash and short-term deposits	7.21%
Province of Ontario 3.75% 12-02-2053	5.51%
Government of Canada 2.75% 08-01-2024	5.17%
Government of Canada 2.00% 06-01-2032	4.49%
Government of Canada 1.50% 12-01-2031	4.46%
Government of Canada 1.50% 06-01-2031	3.44%
Province of Quebec 4.40% 12-01-2055	2.53%
Mackenzie Emerging Markets Local Currency Bond Index ETF *	2.47%
Province of Alberta 3.10% 06-01-2050	2.17%
Province of Quebec 3.25% 09-01-2032	2.13%
United States Treasury 2.75% 08-15-2032	1.10%
Province of British Columbia 1.55% 06-18-2031	1.09%
Province of Ontario 3.75% 06-02-2032	1.04%
Province of British Columbia 2.95% 06-18-2050	1.04%
Province of Alberta 2.95% 06-01-2052	0.92%
Government of Canada 0.50% 12-01-2050 Real Return	0.85%
Enbridge Inc. 5.375% 09-27-2077	0.69%
The Bank of Nova Scotia 2.95% 03-08-2027	0.67%
Province of Saskatchewan 3.10% 06-02-2050	0.65%
Brookfield Renewable Energy Partners LP 3.63% 01-15-2027	0.60%
Wells Fargo & Co. 2.975% 05-19-2026	0.60%
The Toronto-Dominion Bank 4.34% 01-27-2026	0.56%
Canadian Imperial Bank of Commerce 2.75% 03-07-2025	0.53%
Sun Life Financial Inc. 2.38% 08-13-2029	0.51%
Province of Saskatchewan 2.80% 12-02-2052	0.44%

*The issuer of this security is a related company to the issuer of the Fund.

Pathways Core Plus Bond Fund (Mackenzie) SF540

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category ⁽¹⁾

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	276,612	359,570	249,478	31,512	—	2,519	3,736	2,692	314	—
75/100 guarantee policy	715,665	805,200	869,997	223,378	—	6,484	8,331	9,358	2,224	—
PS1 75/75 guarantee policy	249,546	203,292	149,214	64,690	—	2,297	2,125	1,615	646	—
PS1 75/100 guarantee policy	590,038	555,277	491,637	56,149	—	5,412	5,789	5,313	560	—
PS2 75/75 guarantee policy	46,681	72,017	23,651	—	—	455	786	263	—	—
PS2 75/100 guarantee policy	48,501	58,416	73,009	48,067	—	473	637	811	484	—
PS 75/75 guarantee policy	67,492	52,575	28,861	8,101	—	626	553	314	81	—
PS 75/100 guarantee policy	147,228	92,871	62,331	21,736	—	1,361	975	676	217	—
PPS 75/75 guarantee policy	270,345	155,482	44,040	4,628	—	2,539	1,649	481	46	—
PPS 75/100 guarantee policy	369,296	231,885	81,148	—	—	3,455	2,452	884	—	—
75/75 Constellation	538,108	500,022	223,333	—	—	4,948	5,223	2,412	—	—
75/100 Constellation	929,133	815,357	368,189	—	—	8,516	8,498	3,972	—	—
100/100 Constellation	23,780	63,545	35,726	—	—	218	662	385	—	—

Net Assets Attributable to Contractholders Per Unit ⁽¹⁾ (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	9.11	10.39	10.79	9.98	—	(1.28)	(0.40)
75/100 guarantee policy	9.06	10.35	10.76	9.96	—	(1.29)	(0.41)
PS1 75/75 guarantee policy	9.21	10.45	10.82	9.98	—	(1.24)	(0.37)
PS1 75/100 guarantee policy	9.17	10.43	10.81	9.97	—	(1.26)	(0.38)
PS2 75/75 guarantee policy	9.76	10.91	11.11	—	—	(1.15)	(0.20)
PS2 75/100 guarantee policy	9.76	10.91	11.11	10.07	—	(1.15)	(0.20)
PS 75/75 guarantee policy	9.28	10.53	10.87	9.99	—	(1.25)	(0.34)
PS 75/100 guarantee policy	9.24	10.50	10.85	9.99	—	(1.26)	(0.35)
PPS 75/75 guarantee policy	9.39	10.60	10.92	10.01	—	(1.21)	(0.32)
PPS 75/100 guarantee policy	9.36	10.57	10.90	—	—	(1.21)	(0.33)
75/75 Constellation	9.20	10.45	10.80	—	—	(1.25)	(0.35)
75/100 Constellation	9.17	10.42	10.79	—	—	(1.25)	(0.37)
100/100 Constellation	9.15	10.41	10.78	—	—	(1.26)	(0.37)

⁽¹⁾ The Fund commenced on June 17, 2019 and as a result does not have comparative figures for the prior year.

Pathways Core Plus Bond Fund (Mackenzie) SF540

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Pathways Core Plus Bond Fund (Mackenzie) SF540 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Pathways Core Plus Bond Fund (Mackenzie) SF540

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Pathways Core Plus Bond Fund (Mackenzie) SF540

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Pathways Core Plus Bond Fund (Mackenzie) SF540

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

Pathways Core Plus Bond Fund (Mackenzie) SF540

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

Pathways Core Plus Bond Fund (Mackenzie) SF540

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Pathways Core Plus Bond Fund (Mackenzie) SF540

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

Pathways Core Plus Bond Fund (Mackenzie) SF540

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S1C 75/75 Constellation IC Wealth,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S2C 75/75 Constellation IC Wealth,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy,
- Option S3HF PPS 100/100 guarantee policy, and
- Option S3C 75/75 Constellation IC Wealth.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Pathways Core Plus Bond Fund (Mackenzie) SF540

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

The NAV per unit for group contractholders has not been shown because it will vary for each sub-class within the group contractholder class based on negotiated expense levels and other factors.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Pathways Core Plus Bond Fund (Mackenzie) SF540

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Pathways Core Plus Bond Fund (Mackenzie) SF540

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.00	2.00	2.00	1.95	—
75/100 guarantee policy	2.11	2.11	2.12	2.06	—
PS1 75/75 guarantee policy	1.53	1.71	1.70	1.65	—
PS1 75/100 guarantee policy	1.62	1.82	1.82	1.77	—
PS 75/75 guarantee policy	1.43	1.44	1.44	1.40	—
PS 75/100 guarantee policy	1.54	1.55	1.56	1.51	—
PPS 75/75 guarantee policy	0.97	1.14	1.13	1.12	—
PPS 75/100 guarantee policy	1.04	1.26	1.26	—	—
75/75 Constellation	1.55	1.55	1.54	—	—
75/100 Constellation	1.66	1.66	1.65	—	—
100/100 Constellation	1.73	1.72	1.70	—	—

Portfolio Turnover Rate (%) ⁽²⁾⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	15.14	13.60	16.12	2.51	—

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

(3) The Fund commenced on June 17, 2019 and as a result does not have comparative figures for the prior year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

PATHWAYS GLOBAL CORE PLUS BOND FUND (MACKENZIE) SF541

December 31, 2022

Independent Auditor's Report

To the Contractholders of Pathways Global Core Plus Bond Fund (Mackenzie) SF541 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Pathways Global Core Plus Bond Fund (Mackenzie) SF541

(in Canadian \$ thousands)

Fund Manager: Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 12	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	18
Due from brokers	—	2
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	10,203	9,999
Total investments	10,203	9,999
Total assets	\$ 10,215	\$ 10,019
Liabilities		
Overdrafts	\$ —	\$ 2
Due to The Canada Life Assurance Company (note 8)	6	—
Due to brokers	11	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	17	2
Net assets attributable to contractholders	\$ 10,198	\$ 10,017

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (822)	\$ 57
Miscellaneous income (loss)	—	—
Total income (loss)	(822)	57
Expenses		
Management fees (note 8)	181	159
Other	23	20
Total expenses	204	179
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (1,026)	\$ (122)

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 10,017	\$ 6,370
Contractholder deposits	2,711	5,290
Contractholder withdrawals	(1,504)	(1,521)
Increase (decrease) in net assets from operations attributable to contractholders	(1,026)	(122)
Change in net assets attributable to contractholders	181	3,647
Net assets attributable to contractholders - end of year	\$ 10,198	\$ 10,017

Pathways Global Core Plus Bond Fund (Mackenzie) SF541

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (1,026)	\$ (122)
Adjustments		
Realized (gains) losses	172	47
Unrealized (gains) losses	1,188	168
Gross proceeds of disposition of investments	1,978	1,801
Gross payments for the purchase of investments	(3,004)	(5,386)
Distribution income of underlying mutual fund	(538)	(272)
Change in due from/to The Canada Life Assurance Company	24	(1)
Change in due from/to brokers	13	(87)
	<u>(1,193)</u>	<u>(3,852)</u>
Financing Activities		
Contractholder deposits	2,711	5,290
Contractholder withdrawals	(1,504)	(1,521)
	<u>1,207</u>	<u>3,769</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	14	(83)
Cash, short-term deposits and overdrafts, beginning of year	<u>(2)</u>	<u>81</u>
Cash, short-term deposits and overdrafts, end of year	<u><u>\$ 12</u></u>	<u><u>\$ (2)</u></u>

Pathways Global Core Plus Bond Fund (Mackenzie) SF541

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Canada Life Pathways Global Core Plus Bond Fund Series S *	1,175,355	11,598	10,203
Total Investments		11,598	10,203

Top 25 Holdings

Security Description	% of Total
United States Treasury Inflation Index 0.13% 01-15-2031	5.40%
United States Treasury Inflation Index 0.13% 01-15-2023	4.57%
Government of Canada 1.75% 12-01-2053	4.54%
United States Treasury Inflation Index 0.13% 01-15-2032	4.45%
United States Treasury Inflation Index 0.25% 07-15-2029	4.41%
United States Treasury Inflation Index 0.50% 04-15-2024	4.08%
United States Treasury Inflation Index 0.13% 10-15-2026	3.63%
United States Treasury Inflation Index 0.13% 04-15-2027	3.49%
Cash and short-term deposits	3.20%
Mackenzie Emerging Markets Local Currency Bond Index ETF *	3.08%
United States Treasury Inflation Index 0.125% 02-15-2052 Real Return	2.86%
United States Treasury Inflation Index 0.38% 07-15-2027	2.72%
Federal Republic of Germany 0.00% 08-15-2052	1.55%
Government of Mexico 2.66% 05-24-2031	1.43%
Government of New Zealand 4.25% 05-15-2034	1.36%
Microsoft Corp. 2.53% 06-01-2050	1.18%
Mackenzie US TIPS Hedged to CAD Index ETF *	1.14%
Mackenzie US Investment Grade Corporate Bond Index ETF *	1.11%
United States Treasury 2.88% 05-15-2032	1.09%
Government of Mexico 8.00% 11-07-2047	1.08%
Province of Ontario 3.75% 06-02-2032	1.05%
Commonwealth of Australia 1.75% 06-21-2051	0.93%
United States Treasury Inflation Index 0.25% 02-15-2050	0.88%
TransCanada PipeLines Ltd. Floating Rate 05-18-2077	0.79%
Heathrow Funding Ltd. 3.782% 09-04-2030	0.78%

*The issuer of this security is a related company to the issuer of the Fund.

Pathways Global Core Plus Bond Fund (Mackenzie) SF541

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category ⁽¹⁾

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	71,372	81,303	82,139	23,311	—	652	822	851	231	—
75/100 guarantee policy	210,743	187,347	141,752	40,582	—	1,908	1,881	1,461	401	—
PS1 75/75 guarantee policy	73,844	59,752	69,631	39,342	—	681	608	724	390	—
PS1 75/100 guarantee policy	199,779	117,330	81,210	27,386	—	1,835	1,190	843	271	—
PS2 75/75 guarantee policy	15,826	32,532	—	—	—	156	348	—	—	—
PS2 75/100 guarantee policy	20,822	18,332	1,892	627	—	206	196	20	6	—
PS 75/75 guarantee policy	6,702	7,309	6,753	1,991	—	62	75	70	20	—
PS 75/100 guarantee policy	11,587	13,954	9,762	5,165	—	107	142	102	51	—
PPS 75/75 guarantee policy	8,912	2,441	2,442	2,641	—	84	25	26	26	—
PPS 75/100 guarantee policy	39,715	46,694	33,361	10,341	—	372	480	349	103	—
75/75 Constellation	252,453	225,417	76,424	—	—	2,348	2,311	800	—	—
75/100 Constellation	179,746	177,478	105,119	—	—	1,663	1,813	1,098	—	—
100/100 Constellation	13,412	12,319	2,484	—	—	124	126	26	—	—

Net Assets Attributable to Contractholders Per Unit ⁽¹⁾ (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	9.13	10.11	10.36	9.91	—	(0.98)	(0.25)
75/100 guarantee policy	9.05	10.04	10.31	9.88	—	(0.99)	(0.27)
PS1 75/75 guarantee policy	9.22	10.17	10.39	9.91	—	(0.95)	(0.22)
PS1 75/100 guarantee policy	9.18	10.14	10.37	9.90	—	(0.96)	(0.23)
PS2 75/75 guarantee policy	9.90	10.70	—	—	—	(0.80)	(0.02)
PS2 75/100 guarantee policy	9.89	10.69	10.71	10.01	—	(0.80)	(0.02)
PS 75/75 guarantee policy	9.29	10.23	10.43	9.92	—	(0.94)	(0.20)
PS 75/100 guarantee policy	9.24	10.18	10.40	9.91	—	(0.94)	(0.22)
PPS 75/75 guarantee policy	9.41	10.32	10.48	9.93	—	(0.91)	(0.16)
PPS 75/100 guarantee policy	9.37	10.29	10.47	9.93	—	(0.92)	(0.18)
75/75 Constellation	9.30	10.25	10.46	—	—	(0.95)	(0.21)
75/100 Constellation	9.26	10.22	10.45	—	—	(0.96)	(0.23)
100/100 Constellation	9.21	10.19	10.44	—	—	(0.98)	(0.25)

⁽¹⁾ The Fund commenced on June 17, 2019 and as a result does not have comparative figures for the prior year.

Pathways Global Core Plus Bond Fund (Mackenzie) SF541

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Pathways Global Core Plus Bond Fund (Mackenzie) SF541 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Pathways Global Core Plus Bond Fund (Mackenzie) SF541

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Pathways Global Core Plus Bond Fund (Mackenzie) SF541

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Pathways Global Core Plus Bond Fund (Mackenzie) SF541

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

Pathways Global Core Plus Bond Fund (Mackenzie) SF541

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

Pathways Global Core Plus Bond Fund (Mackenzie) SF541

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Pathways Global Core Plus Bond Fund (Mackenzie) SF541

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

Pathways Global Core Plus Bond Fund (Mackenzie) SF541

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S1C 75/75 Constellation IC Wealth,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S2C 75/75 Constellation IC Wealth,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy,
- Option S3HF PPS 100/100 guarantee policy, and
- Option S3C 75/75 Constellation IC Wealth.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Pathways Global Core Plus Bond Fund (Mackenzie) SF541

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

The NAV per unit for group contractholders has not been shown because it will vary for each sub-class within the group contractholder class based on negotiated expense levels and other factors.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Pathways Global Core Plus Bond Fund (Mackenzie) SF541

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Pathways Global Core Plus Bond Fund (Mackenzie) SF541

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.35	2.35	2.35	2.26	—
75/100 guarantee policy	2.51	2.52	2.51	2.44	—
PS1 75/75 guarantee policy	1.99	2.01	1.99	1.93	—
PS1 75/100 guarantee policy	2.10	2.11	2.10	2.05	—
PS 75/75 guarantee policy	1.78	1.79	1.78	1.73	—
PS 75/100 guarantee policy	1.96	1.95	1.95	1.88	—
PPS 75/75 guarantee policy	1.42	1.44	1.43	1.39	—
PPS 75/100 guarantee policy	1.55	1.55	1.53	1.50	—
75/75 Constellation	1.90	1.90	1.88	—	—
75/100 Constellation	2.07	2.07	2.04	—	—
100/100 Constellation	2.24	2.25	2.21	—	—

Portfolio Turnover Rate (%) ⁽²⁾⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	19.20	20.45	17.99	57.52	—

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

(3) The Fund commenced on June 17, 2019 and as a result does not have comparative figures for the prior year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
PATHWAYS GLOBAL MULTI SECTOR BOND FUND (BRANDYWINE)
SF542

December 31, 2022

Independent Auditor's Report

To the Contractholders of Pathways Global Multi Sector Bond Fund (Brandywine) SF542 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Pathways Global Multi Sector Bond Fund (Brandywine) SF542

(in Canadian \$ thousands)

Fund Manager: Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 412	\$ 848
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	307	215
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	205,776	191,875
Total investments	205,776	191,875
Total assets	\$ 206,495	\$ 192,938
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	289	210
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	289	210
Net assets attributable to contractholders	\$ 206,206	\$ 192,728

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (25,404)	\$ 1,432
Miscellaneous income (loss)	—	—
Total income (loss)	(25,404)	1,432
Expenses		
Management fees (note 8)	1,829	1,331
Other	207	135
Total expenses	2,036	1,466
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (27,440)	\$ (34)

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 192,728	\$ 75,705
Contractholder deposits	55,166	127,260
Contractholder withdrawals	(14,248)	(10,203)
Increase (decrease) in net assets from operations attributable to contractholders	(27,440)	(34)
Change in net assets attributable to contractholders	13,478	117,023
Net assets attributable to contractholders - end of year	\$ 206,206	\$ 192,728

Pathways Global Multi Sector Bond Fund (Brandywine) SF542

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (27,440)	\$ (34)
Adjustments		
Realized (gains) losses	656	(19)
Unrealized (gains) losses	32,124	7,419
Gross proceeds of disposition of investments	5,511	1,611
Gross payments for the purchase of investments	(44,816)	(116,672)
Distribution income of underlying mutual fund	(7,376)	(8,832)
Change in due from/to The Canada Life Assurance Company	(92)	(108)
Change in due from/to brokers	79	(149)
	<u>(41,354)</u>	<u>(116,784)</u>
Financing Activities		
Contractholder deposits	55,166	127,260
Contractholder withdrawals	(14,248)	(10,203)
	<u>40,918</u>	<u>117,057</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(436)	273
Cash, short-term deposits and overdrafts, beginning of year	848	575
Cash, short-term deposits and overdrafts, end of year	\$ 412	\$ 848

Pathways Global Multi Sector Bond Fund (Brandywine) SF542

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Canada Life Pathways Global Multi Sector Bond Fund Series S *	23,126,853	243,459	205,776
Total Investments		243,459	205,776

Top 25 Holdings

Security Description	% of Total
United States Treasury 2.25% 02-15-2052	18.42%
Cash and short-term deposits	13.47%
Republic of Columbia 7.00% 03-26-2031	2.67%
Exeter Automobile Receivables Trust 4.00% 08-17-2026 144A	2.61%
Federative Republic of Brazil 10.00% 01-01-2033	2.31%
Freddie Mac 4.50% 09-01-2052	1.84%
Federal Republic of Germany 1.80% 08-15-2053	1.82%
New Fortress Energy Inc. 6.75% 09-15-2025 144A	1.65%
Towd Point Mortgage Trust Floating Rate 03-25-2058 144A	1.48%
Government of Japan 0.60% 12-20-2023	1.27%
Freddie Mac Floating Rate 01-25-2034 144A	1.18%
DISH Network Corp. 3.38% 08-15-2026 Conv.	1.12%
Fannie Mae Floating Rate 10-25-2039 144A	1.01%
Wynn Las Vegas LLC 5.50% 03-01-2025 144A	1.00%
Uniti Group LP 7.88% 02-15-2025 144A	0.96%
Government of Japan 0.10% 12-20-2023	0.95%
Fannie Mae Floating Rate 07-25-2031 144A	0.94%
Government of Japan 0.10% 09-20-2023	0.93%
Mileage Plus Holdings LLC 6.50% 06-20-2027	0.90%
XP Controle Participacoes SA 3.25% 07-01-2026 144A	0.86%
Altice International SARL 5.00% 01-15-2028	0.85%
Petroleos Mexicanos 5.35% 02-12-2028	0.81%
Ford Motor Co. 6.10% 08-19-2032	0.78%
AES Panama Generation Holdings SRL 4.375% 05-31-2030	0.76%
Vontier Corp. 1.80% 04-01-2026 144A	0.76%

*The issuer of this security is a related company to the issuer of the Fund.

Pathways Global Multi Sector Bond Fund (Brandywine) SF542

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 4 and are not included on this page.

Net Assets Attributable to Contractholders by Category ⁽¹⁾

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	1,129,010	1,082,422	571,170	124,160	—	10,724	11,984	6,424	1,261	—
75/100 guarantee policy	3,045,844	2,629,506	1,107,496	184,704	—	28,720	28,949	12,406	1,872	—
PS1 75/75 guarantee policy	1,199,511	1,032,443	479,607	77,451	—	11,518	11,517	5,416	787	—
PS1 75/100 guarantee policy	3,182,507	2,264,374	960,223	110,145	—	30,439	25,186	10,824	1,118	—
PS2 75/75 guarantee policy	555,728	249,978	114,908	17,992	—	5,717	2,929	1,336	185	—
PS2 75/100 guarantee policy	538,377	436,609	224,972	41,268	—	5,539	5,115	2,616	424	—
PS 75/75 guarantee policy	132,437	102,231	53,488	17,590	—	1,281	1,146	606	179	—
PS 75/100 guarantee policy	297,441	241,934	89,288	39,059	—	2,860	2,701	1,009	397	—
PPS 75/75 guarantee policy	394,042	290,589	95,045	13,528	—	3,858	3,287	1,082	138	—
PPS 75/100 guarantee policy	572,893	380,638	140,250	10,085	—	5,588	4,293	1,594	103	—
75/75 Constellation	257,021	233,702	79,578	—	—	2,428	2,562	882	—	—
75/100 Constellation	348,278	292,247	108,627	—	—	3,274	3,194	1,203	—	—
100/100 Constellation	8,207	19,678	11,365	—	—	77	214	126	—	—

Net Assets Attributable to Contractholders Per Unit ⁽¹⁾ (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	9.50	11.07	11.25	10.16	—	(1.57)	(0.18)
75/100 guarantee policy	9.43	11.01	11.20	10.13	—	(1.58)	(0.19)
PS1 75/75 guarantee policy	9.60	11.15	11.29	10.16	—	(1.55)	(0.14)
PS1 75/100 guarantee policy	9.56	11.12	11.27	10.16	—	(1.56)	(0.15)
PS2 75/75 guarantee policy	10.29	11.72	11.63	10.27	—	(1.43)	0.09
PS2 75/100 guarantee policy	10.29	11.72	11.63	10.27	—	(1.43)	0.09
PS 75/75 guarantee policy	9.67	11.21	11.33	10.17	—	(1.54)	(0.12)
PS 75/100 guarantee policy	9.62	11.16	11.30	10.16	—	(1.54)	(0.14)
PPS 75/75 guarantee policy	9.79	11.31	11.39	10.19	—	(1.52)	(0.08)
PPS 75/100 guarantee policy	9.75	11.28	11.37	10.19	—	(1.53)	(0.09)
75/75 Constellation	9.45	10.96	11.09	—	—	(1.51)	(0.13)
75/100 Constellation	9.40	10.93	11.07	—	—	(1.53)	(0.14)
100/100 Constellation	9.36	10.89	11.05	—	—	(1.53)	(0.16)

⁽¹⁾ The Fund commenced on June 17, 2019 and as a result does not have comparative figures for the prior year.

Pathways Global Multi Sector Bond Fund (Brandywine) SF542

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Pathways Global Multi Sector Bond Fund (Brandywine) SF542 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Pathways Global Multi Sector Bond Fund (Brandywine) SF542

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Pathways Global Multi Sector Bond Fund (Brandywine) SF542

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Pathways Global Multi Sector Bond Fund (Brandywine) SF542

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

Pathways Global Multi Sector Bond Fund (Brandywine) SF542

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

Pathways Global Multi Sector Bond Fund (Brandywine) SF542

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Pathways Global Multi Sector Bond Fund (Brandywine) SF542

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

Pathways Global Multi Sector Bond Fund (Brandywine) SF542

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S1C 75/75 Constellation IC Wealth,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S2C 75/75 Constellation IC Wealth,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy,
- Option S3HF PPS 100/100 guarantee policy, and
- Option S3C 75/75 Constellation IC Wealth.

Portfolio units are those units owned by the Asset Allocation Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Pathways Global Multi Sector Bond Fund (Brandywine) SF542

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

The NAV per unit for group contractholders has not been shown because it will vary for each sub-class within the group contractholder class based on negotiated expense levels and other factors.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Pathways Global Multi Sector Bond Fund (Brandywine) SF542

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Pathways Global Multi Sector Bond Fund (Brandywine) SF542

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.33	2.31	2.31	2.30	—
75/100 guarantee policy	2.49	2.47	2.47	2.46	—
PS1 75/75 guarantee policy	1.98	1.97	1.94	1.96	—
PS1 75/100 guarantee policy	2.09	2.07	2.07	2.05	—
PS 75/75 guarantee policy	1.77	1.76	1.76	1.74	—
PS 75/100 guarantee policy	1.94	1.92	1.93	1.91	—
PPS 75/75 guarantee policy	1.43	1.42	1.39	1.41	—
PPS 75/100 guarantee policy	1.54	1.53	1.51	1.52	—
75/75 Constellation	1.89	1.87	1.86	—	—
75/100 Constellation	2.06	2.04	2.05	—	—
100/100 Constellation	2.24	2.21	2.20	—	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
PS1 75/75 guarantee policy	1.98	1.97	1.96	1.96	—
PS1 75/100 guarantee policy	2.09	2.07	2.09	2.05	—
PPS 75/75 guarantee policy	1.43	1.42	1.41	1.41	—
PPS 75/100 guarantee policy	1.54	1.53	1.53	1.52	—

Portfolio Turnover Rate (%) ⁽³⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	2.80	1.14	4.08	28.89	—

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

(4) The Fund commenced on June 17, 2019 and as a result does not have comparative figures for the prior year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
PATHWAYS CANADIAN EQUITY FUND (GWLIM) SF543

December 31, 2022

Independent Auditor's Report

To the Contractholders of Pathways Canadian Equity Fund (GWLIM) SF543 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Pathways Canadian Equity Fund (GWLIM) SF543

(in Canadian \$ thousands)

Fund Manager: Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 57	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	92	109
Due from brokers	—	91
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	133,500	145,827
Total investments	133,500	145,827
Total assets	\$ 133,649	\$ 146,027
Liabilities		
Overdrafts	\$ —	\$ 67
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	24	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	24	67
Net assets attributable to contractholders	\$ 133,625	\$ 145,960

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ 681	\$ 25,104
Miscellaneous income (loss)	—	—
Total income (loss)	681	25,104
Expenses		
Management fees (note 8)	290	169
Other	33	19
Total expenses	323	188
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 358	\$ 24,916

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 145,960	\$ 65,174
Contractholder deposits	15,907	73,999
Contractholder withdrawals	(28,600)	(18,129)
Increase (decrease) in net assets from operations attributable to contractholders	358	24,916
Change in net assets attributable to contractholders	(12,335)	80,786
Net assets attributable to contractholders - end of year	\$ 133,625	\$ 145,960

Pathways Canadian Equity Fund (GWLIM) SF543

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 358	\$ 24,916
Adjustments		
Realized (gains) losses	(4,365)	(1,040)
Unrealized (gains) losses	7,463	(21,521)
Gross proceeds of disposition of investments	24,516	7,344
Gross payments for the purchase of investments	(11,508)	(63,278)
Distribution income of underlying mutual fund	(3,779)	(2,543)
Change in due from/to The Canada Life Assurance Company	17	89
Change in due from/to brokers	115	(238)
	<u>12,817</u>	<u>(56,271)</u>
Financing Activities		
Contractholder deposits	15,907	73,999
Contractholder withdrawals	(28,600)	(18,129)
	<u>(12,693)</u>	<u>55,870</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	124	(401)
Cash, short-term deposits and overdrafts, beginning of year	(67)	334
Cash, short-term deposits and overdrafts, end of year	\$ 57	\$ (67)

Pathways Canadian Equity Fund (GWLIM) SF543

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Canada Life Pathways Canadian Equity Fund Series S *	10,631,152	116,672	133,500
Total Investments		116,672	133,500

Top 25 Holdings

Security Description	% of Total
Royal Bank of Canada	7.70%
The Toronto-Dominion Bank	6.05%
Bank of Montreal	5.62%
Canadian Pacific Railway Ltd.	4.44%
Canadian National Railway Co.	3.71%
Intact Financial Corp.	3.21%
Canadian Natural Resources Ltd.	3.16%
Enbridge Inc.	2.65%
Agnico Eagle Mines Ltd.	2.62%
Rogers Communications Inc. Class B non-voting	2.52%
Loblaw Companies Ltd.	2.39%
Constellation Software Inc.	2.30%
Brookfield Corp.	2.12%
CGI Group Inc. Class A sub. voting	2.09%
Pembina Pipeline Corp.	1.98%
Nutrien Ltd.	1.97%
Wheaton Precious Metals Corp.	1.90%
Alimentation Couche-Tard Inc.	1.89%
National Bank of Canada	1.85%
Dollarama Inc.	1.82%
TELUS Corp.	1.81%
Waste Connections Inc.	1.71%
Pet Valu Holdings Ltd.	1.62%
Cenovus Energy Inc.	1.56%
Cash and short-term deposits	1.54%

*The issuer of this security is a related company to the issuer of the Fund.

Pathways Canadian Equity Fund (GWLIM) SF543

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 4 and are not included on this page.

Net Assets Attributable to Contractholders by Category ⁽¹⁾

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	137,005	95,998	50,919	12,914	—	1,681	1,211	530	133	—
75/100 guarantee policy	149,315	100,547	51,090	14,703	—	1,818	1,260	530	151	—
PS1 75/75 guarantee policy	158,991	86,915	38,903	10,163	—	1,979	1,107	407	105	—
PS1 75/100 guarantee policy	167,963	107,956	90,188	34,636	—	2,075	1,367	941	356	—
PS2 75/75 guarantee policy	18,225	22,823	96	7,153	—	246	308	1	75	—
PS2 75/100 guarantee policy	58,350	36,496	26,422	2,538	—	786	492	286	26	—
PS 75/75 guarantee policy	9,127	6,658	6,243	—	—	116	86	66	—	—
PS 75/100 guarantee policy	6,008	4,793	1,611	2,798	—	76	62	17	29	—
PPS 75/75 guarantee policy	—	—	136	—	—	—	—	1	—	—
PPS 75/100 guarantee policy	325	—	5,804	1,582	—	4	—	62	16	—
75/75 Constellation	378,788	334,563	124,631	—	—	4,552	4,089	1,245	—	—
75/100 Constellation	320,232	281,106	135,270	—	—	3,811	3,413	1,347	—	—
100/100 Constellation	31,687	35,901	11,451	—	—	373	433	114	—	—

Net Assets Attributable to Contractholders Per Unit ⁽¹⁾ (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	12.27	12.61	10.42	10.30	—	(0.34)	2.19
75/100 guarantee policy	12.18	12.53	10.37	10.27	—	(0.35)	2.16
PS1 75/75 guarantee policy	12.45	12.74	10.47	10.30	—	(0.29)	2.27
PS1 75/100 guarantee policy	12.35	12.66	10.44	10.29	—	(0.31)	2.22
PS2 75/75 guarantee policy	13.48	13.48	10.84	10.43	—	—	2.64
PS2 75/100 guarantee policy	13.48	13.48	10.84	10.43	—	—	2.64
PS 75/75 guarantee policy	12.75	12.96	10.59	—	—	(0.21)	2.37
PS 75/100 guarantee policy	12.67	12.89	10.55	10.33	—	(0.22)	2.34
PPS 75/75 guarantee policy	—	—	10.66	—	—	—	—
PPS 75/100 guarantee policy	12.85	—	10.62	10.35	—	(0.18)	—
75/75 Constellation	12.02	12.22	9.99	—	—	(0.20)	2.23
75/100 Constellation	11.90	12.14	9.96	—	—	(0.24)	2.18
100/100 Constellation	11.78	12.06	9.93	—	—	(0.28)	2.13

⁽¹⁾ The Fund commenced on June 17, 2019 and as a result does not have comparative figures for the prior year.

Pathways Canadian Equity Fund (GWLIM) SF543

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Pathways Canadian Equity Fund (GWLIM) SF543 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Pathways Canadian Equity Fund (GWLIM) SF543

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Pathways Canadian Equity Fund (GWLIM) SF543

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Pathways Canadian Equity Fund (GWLIM) SF543

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

Pathways Canadian Equity Fund (GWLIM) SF543

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

Pathways Canadian Equity Fund (GWLIM) SF543

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Pathways Canadian Equity Fund (GWLIM) SF543

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

Pathways Canadian Equity Fund (GWLIM) SF543

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S1C 75/75 Constellation IC Wealth,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S2C 75/75 Constellation IC Wealth,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy,
- Option S3HF PPS 100/100 guarantee policy, and
- Option S3C 75/75 Constellation IC Wealth.

Portfolio units are those units owned by the Asset Allocation Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Pathways Canadian Equity Fund (GWLIM) SF543

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

The NAV per unit for group contractholders has not been shown because it will vary for each sub-class within the group contractholder class based on negotiated expense levels and other factors.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Pathways Canadian Equity Fund (GWLIM) SF543

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Pathways Canadian Equity Fund (GWLIM) SF543

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.70	2.70	2.72	2.65	—
75/100 guarantee policy	2.87	2.87	2.89	2.84	—
PS1 75/75 guarantee policy	2.25	2.25	2.25	2.22	—
PS1 75/100 guarantee policy	2.47	2.48	2.47	2.44	—
PS 75/75 guarantee policy	1.60	1.60	1.62	—	—
PS 75/100 guarantee policy	1.77	1.76	1.79	1.73	—
PPS 75/75 guarantee policy	—	—	1.14	—	—
PPS 75/100 guarantee policy	1.38	—	1.35	1.35	—
75/75 Constellation	1.66	1.65	1.65	—	—
75/100 Constellation	2.00	1.99	1.98	—	—
100/100 Constellation	2.34	2.32	2.32	—	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
PS1 75/75 guarantee policy	2.25	2.25	2.27	2.22	—
PS1 75/100 guarantee policy	2.47	2.48	2.49	2.44	—
PPS 75/75 guarantee policy	—	—	1.16	—	—
PPS 75/100 guarantee policy	1.38	—	1.37	1.35	—

Portfolio Turnover Rate (%) ⁽³⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	8.37	6.45	3.02	7.39	—

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

(4) The Fund commenced on June 17, 2019 and as a result does not have comparative figures for the prior year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
PATHWAYS CANADIAN CONCENTRATED EQUITY FUND (GALIBIER)
SF544

December 31, 2022

Independent Auditor's Report

To the Contractholders of Pathways Canadian Concentrated Equity Fund (Galibier) SF544 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Pathways Canadian Concentrated Equity Fund (Galibier) SF544

(in Canadian \$ thousands)

Fund Manager: Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ 222
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	108
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	44,813	41,503
Total investments	44,813	41,503
Total assets	\$ 44,813	\$ 41,833
Liabilities		
Overdrafts	\$ 85	\$ —
Due to The Canada Life Assurance Company (note 8)	4	—
Due to brokers	21	97
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	110	97
Net assets attributable to contractholders	\$ 44,703	\$ 41,736

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (1,735)	\$ 4,369
Miscellaneous income (loss)	—	—
Total income (loss)	(1,735)	4,369
Expenses		
Management fees (note 8)	904	606
Other	102	72
Total expenses	1,006	678
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (2,741)	\$ 3,691

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year		
	\$ 41,736	\$ 16,534
Contractholder deposits	9,837	25,167
Contractholder withdrawals	(4,129)	(3,656)
Increase (decrease) in net assets from operations attributable to contractholders	(2,741)	3,691
Change in net assets attributable to contractholders	2,967	25,202
Net assets attributable to contractholders - end of year	\$ 44,703	\$ 41,736

Pathways Canadian Concentrated Equity Fund (Galibier) SF544

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (2,741)	\$ 3,691
Adjustments		
Realized (gains) losses	(396)	(284)
Unrealized (gains) losses	4,089	(3,257)
Gross proceeds of disposition of investments	5,055	2,119
Gross payments for the purchase of investments	(10,100)	(22,779)
Distribution income of underlying mutual fund	(1,958)	(828)
Change in due from/to The Canada Life Assurance Company	112	(101)
Change in due from/to brokers	(76)	58
	<u>(6,015)</u>	<u>(21,381)</u>
Financing Activities		
Contractholder deposits	9,837	25,167
Contractholder withdrawals	(4,129)	(3,656)
	<u>5,708</u>	<u>21,511</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(307)	130
Cash, short-term deposits and overdrafts, beginning of year	222	92
Cash, short-term deposits and overdrafts, end of year	\$ (85)	\$ 222

Pathways Canadian Concentrated Equity Fund (Galibier) SF544

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Canada Life Pathways Canadian Concentrated Equity Fund Series S *	3,749,655	43,708	44,813
Total Investments		43,708	44,813

Top 25 Holdings

Security Description	% of Total
Canadian Pacific Railway Ltd.	5.71%
Manulife Financial Corp.	5.15%
Agnico Eagle Mines Ltd.	4.83%
Spin Master Corp.	4.82%
Northland Power Inc.	4.43%
WSP Global Inc.	4.35%
Cash and short-term deposits	4.30%
CGI Group Inc. Class A sub. voting	4.22%
CCL Industries Inc. Class B non-voting	4.22%
Rogers Communications Inc. Class B non-voting	4.20%
Intact Financial Corp.	4.11%
Cenovus Energy Inc.	3.98%
Empire Co. Ltd. Class A non-voting	3.97%
Park Lawn Corp.	3.82%
Nutrien Ltd.	3.72%
Canadian Imperial Bank of Commerce	3.71%
Restaurant Brands International Inc.	3.60%
The Bank of Nova Scotia	3.50%
AG Growth International Inc.	3.49%
CAE Inc.	3.38%
Cargojet Inc.	3.29%
Parkland Corp. of Canada	3.09%
Premium Brands Holdings Corp.	2.92%
Enbridge Inc.	2.77%
Canadian Natural Resources Ltd.	2.64%

*The issuer of this security is a related company to the issuer of the Fund.

Pathways Canadian Concentrated Equity Fund (Galibier) SF544

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category ⁽¹⁾

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	471,182	403,671	197,603	35,590	—	5,676	5,173	2,193	374	—
75/100 guarantee policy	745,431	636,648	314,271	100,258	—	8,881	8,091	3,469	1,051	—
PS1 75/75 guarantee policy	459,324	380,657	243,390	115,040	—	5,585	4,909	2,711	1,210	—
PS1 75/100 guarantee policy	554,508	400,667	250,152	112,591	—	6,675	5,130	2,773	1,182	—
PS2 75/75 guarantee policy	64,495	88,740	22,510	77	—	854	1,217	260	1	—
PS2 75/100 guarantee policy	39,106	36,778	40,472	20,011	—	518	504	468	213	—
PS 75/75 guarantee policy	11,330	7,141	3,156	2,061	—	142	94	36	22	—
PS 75/100 guarantee policy	59,672	36,530	20,952	19,373	—	740	478	235	204	—
PPS 75/75 guarantee policy	32,987	25,169	34,444	2,512	—	417	334	390	26	—
PPS 75/100 guarantee policy	176,107	150,656	42,612	—	—	2,206	1,985	481	—	—
75/75 Constellation	536,075	488,752	118,053	—	—	6,239	5,987	1,239	—	—
75/100 Constellation	575,782	612,544	214,214	—	—	6,636	7,455	2,242	—	—
100/100 Constellation	11,782	31,362	3,513	—	—	134	379	37	—	—

Net Assets Attributable to Contractholders Per Unit ⁽¹⁾ (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	12.05	12.81	11.10	10.51	—	(0.76)	1.71
75/100 guarantee policy	11.91	12.71	11.04	10.48	—	(0.80)	1.67
PS1 75/75 guarantee policy	12.16	12.90	11.14	10.52	—	(0.74)	1.76
PS1 75/100 guarantee policy	12.04	12.80	11.09	10.50	—	(0.76)	1.71
PS2 75/75 guarantee policy	13.24	13.71	11.55	10.65	—	(0.47)	2.16
PS2 75/100 guarantee policy	13.24	13.71	11.55	10.65	—	(0.47)	2.16
PS 75/75 guarantee policy	12.52	13.17	11.28	10.56	—	(0.65)	1.89
PS 75/100 guarantee policy	12.39	13.08	11.23	10.55	—	(0.69)	1.85
PPS 75/75 guarantee policy	12.65	13.27	11.33	10.58	—	(0.62)	1.94
PPS 75/100 guarantee policy	12.52	13.17	11.28	—	—	(0.65)	1.89
75/75 Constellation	11.64	12.25	10.50	—	—	(0.61)	1.75
75/100 Constellation	11.52	12.17	10.47	—	—	(0.65)	1.70
100/100 Constellation	11.41	12.09	10.43	—	—	(0.68)	1.66

⁽¹⁾ The Fund commenced on June 17, 2019 and as a result does not have comparative figures for the prior year.

Pathways Canadian Concentrated Equity Fund (Galibier) SF544

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Pathways Canadian Concentrated Equity Fund (Galibier) SF544 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Pathways Canadian Concentrated Equity Fund (Galibier) SF544

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Pathways Canadian Concentrated Equity Fund (Galibier) SF544

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Pathways Canadian Concentrated Equity Fund (Galibier) SF544

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

Pathways Canadian Concentrated Equity Fund (Galibier) SF544

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

Pathways Canadian Concentrated Equity Fund (Galibier) SF544

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Pathways Canadian Concentrated Equity Fund (Galibier) SF544

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

Pathways Canadian Concentrated Equity Fund (Galibier) SF544

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S1C 75/75 Constellation IC Wealth,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S2C 75/75 Constellation IC Wealth,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy,
- Option S3HF PPS 100/100 guarantee policy, and
- Option S3C 75/75 Constellation IC Wealth.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Pathways Canadian Concentrated Equity Fund (Galibier) SF544

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

The NAV per unit for group contractholders has not been shown because it will vary for each sub-class within the group contractholder class based on negotiated expense levels and other factors.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Pathways Canadian Concentrated Equity Fund (Galibier) SF544

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Pathways Canadian Concentrated Equity Fund (Galibier) SF544

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.71	2.72	2.74	2.66	—
75/100 guarantee policy	2.99	2.99	3.02	2.94	—
PS1 75/75 guarantee policy	2.42	2.43	2.43	2.37	—
PS1 75/100 guarantee policy	2.70	2.71	2.71	2.64	—
PS 75/75 guarantee policy	1.60	1.60	1.62	1.57	—
PS 75/100 guarantee policy	1.87	1.89	1.91	1.84	—
PPS 75/75 guarantee policy	1.31	1.32	1.32	1.29	—
PPS 75/100 guarantee policy	1.59	1.59	1.60	—	—
75/75 Constellation	1.67	1.66	1.66	—	—
75/100 Constellation	2.00	2.00	1.99	—	—
100/100 Constellation	2.36	2.35	2.32	—	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
PS1 75/75 guarantee policy	2.42	2.43	2.45	2.37	—
PS1 75/100 guarantee policy	2.70	2.71	2.73	2.64	—
PPS 75/75 guarantee policy	1.31	1.32	1.34	1.29	—
PPS 75/100 guarantee policy	1.59	1.59	1.62	—	—

Portfolio Turnover Rate (%) ⁽³⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	11.19	7.18	17.37	9.34	—

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

(4) The Fund commenced on June 17, 2019 and as a result does not have comparative figures for the prior year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
PATHWAYS U.S. EQUITY FUND (PUTNAM) SF545

December 31, 2022

Independent Auditor's Report

To the Contractholders of Pathways U.S. Equity Fund (Putnam) SF545 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Pathways U.S. Equity Fund (Putnam) SF545

(in Canadian \$ thousands)

Fund Manager: Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ 261
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	461	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	20,283	16,484
Total investments	20,283	16,484
Total assets	\$ 20,744	\$ 16,745
Liabilities		
Overdrafts	\$ 702	\$ —
Due to The Canada Life Assurance Company (note 8)	220	3
Due to brokers	—	7
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	922	10
Net assets attributable to contractholders	\$ 19,822	\$ 16,735

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ 780	\$ 11,412
Miscellaneous income (loss)	—	—
Total income (loss)	780	11,412
Expenses		
Management fees (note 8)	426	253
Other	41	30
Total expenses	467	283
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 313	\$ 11,129

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year		
	\$ 16,735	\$ 32,792
Contractholder deposits	4,279	47,362
Contractholder withdrawals	(1,505)	(74,548)
Increase (decrease) in net assets from operations attributable to contractholders	313	11,129
Change in net assets attributable to contractholders	3,087	(16,057)
Net assets attributable to contractholders - end of year	\$ 19,822	\$ 16,735

Pathways U.S. Equity Fund (Putnam) SF545

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 313	\$ 11,129
Adjustments		
Realized (gains) losses	(75)	(1,941)
Unrealized (gains) losses	(313)	(349)
Gross proceeds of disposition of investments	3,527	73,444
Gross payments for the purchase of investments	(6,546)	(45,763)
Distribution income of underlying mutual fund	(392)	(9,122)
Change in due from/to The Canada Life Assurance Company	217	5
Change in due from/to brokers	(468)	(34)
	<u>(3,737)</u>	<u>27,369</u>
Financing Activities		
Contractholder deposits	4,279	47,362
Contractholder withdrawals	(1,505)	(74,548)
	<u>2,774</u>	<u>(27,186)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(963)	183
Cash, short-term deposits and overdrafts, beginning of year	261	78
Cash, short-term deposits and overdrafts, end of year	\$ (702)	\$ 261

Pathways U.S. Equity Fund (Putnam) SF545

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Canada Life Pathways U.S. Equity Fund Series S *	1,608,248	18,979	20,283
Total Investments		18,979	20,283

Top 25 Holdings

Security Description	% of Total
Cash and short-term deposits	3.82%
iShares Russell 1000 Value ETF	3.25%
Microsoft Corp.	3.16%
Exxon Mobil Corp.	2.83%
Walmart Inc.	2.73%
Bank of America Corp.	2.69%
Regeneron Pharmaceuticals Inc.	2.32%
Northrop Grumman Corp.	2.28%
The Goldman Sachs Group Inc.	2.25%
Merck & Co. Inc.	2.23%
McKesson Corp.	2.10%
ConocoPhillips	2.03%
Raytheon Technologies Corp.	1.93%
The Charles Schwab Corp.	1.88%
Meta Platforms Inc.	1.84%
Cigna Corp.	1.79%
Citigroup Inc.	1.77%
AstraZeneca PLC ADR	1.77%
Freeport-McMoRan Copper & Gold Inc.	1.73%
Shell PLC Class A	1.59%
Thermo Fisher Scientific Inc.	1.57%
PNC Financial Services Group Inc.	1.52%
O'Reilly Automotive Inc.	1.52%
Elevance Health Inc.	1.51%
Corteva Inc.	1.49%

*The issuer of this security is a related company to the issuer of the Fund.

Pathways U.S. Equity Fund (Putnam) SF545

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category ⁽¹⁾

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	298,601	227,197	105,756	8,155	—	4,043	3,034	1,154	88	—
75/100 guarantee policy	387,621	335,533	159,797	44,258	—	5,191	4,444	1,734	473	—
PS1 75/75 guarantee policy	197,002	171,406	24,706	4,336	—	2,685	2,299	270	47	—
PS1 75/100 guarantee policy	281,692	266,805	40,333	35,864	—	3,800	3,552	439	384	—
PS2 75/75 guarantee policy	1,781	5,502	8,630	6,843	—	27	79	98	74	—
PS2 75/100 guarantee policy	79,188	46,709	11,469	918	—	1,182	669	130	10	—
PS 75/75 guarantee policy	5,539	6,487	97	—	—	78	89	1	—	—
PS 75/100 guarantee policy	21,798	25,344	1,070	685	—	303	345	12	7	—
PPS 75/75 guarantee policy	7,676	6,361	8,014	3,442	—	109	88	89	37	—
PPS 75/100 guarantee policy	20,631	11,967	—	—	—	287	163	—	—	—
75/75 Constellation	87,352	84,432	28,917	—	—	1,123	1,060	294	—	—
75/100 Constellation	71,260	65,804	35,063	—	—	906	820	355	—	—
100/100 Constellation	6,969	7,524	2,480	—	—	88	93	25	—	—

Net Assets Attributable to Contractholders Per Unit ⁽¹⁾ (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	13.54	13.35	10.91	10.72	—	0.19	2.44
75/100 guarantee policy	13.39	13.24	10.85	10.69	—	0.15	2.39
PS1 75/75 guarantee policy	13.63	13.41	10.94	10.72	—	0.22	2.47
PS1 75/100 guarantee policy	13.49	13.31	10.88	10.70	—	0.18	2.43
PS2 75/75 guarantee policy	14.93	14.32	11.37	10.87	—	0.61	2.95
PS2 75/100 guarantee policy	14.93	14.32	11.37	10.87	—	0.61	2.95
PS 75/75 guarantee policy	14.06	13.72	11.09	—	—	0.34	2.63
PS 75/100 guarantee policy	13.92	13.62	11.04	10.75	—	0.30	2.58
PPS 75/75 guarantee policy	14.18	13.80	11.12	10.78	—	0.38	2.68
PPS 75/100 guarantee policy	13.94	13.60	—	—	—	0.34	2.60
75/75 Constellation	12.85	12.56	10.16	—	—	0.29	2.40
75/100 Constellation	12.71	12.46	10.12	—	—	0.25	2.34
100/100 Constellation	12.60	12.39	10.09	—	—	0.21	2.30

⁽¹⁾ The Fund commenced on June 17, 2019 and as a result does not have comparative figures for the prior year.

Pathways U.S. Equity Fund (Putnam) SF545

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Pathways U.S. Equity Fund (Putnam) SF545 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Pathways U.S. Equity Fund (Putnam) SF545

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Pathways U.S. Equity Fund (Putnam) SF545

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Pathways U.S. Equity Fund (Putnam) SF545

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

Pathways U.S. Equity Fund (Putnam) SF545

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

Pathways U.S. Equity Fund (Putnam) SF545

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Pathways U.S. Equity Fund (Putnam) SF545

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

Pathways U.S. Equity Fund (Putnam) SF545

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S1C 75/75 Constellation IC Wealth,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S2C 75/75 Constellation IC Wealth,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy,
- Option S3HF PPS 100/100 guarantee policy, and
- Option S3C 75/75 Constellation IC Wealth.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Pathways U.S. Equity Fund (Putnam) SF545

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

The NAV per unit for group contractholders has not been shown because it will vary for each sub-class within the group contractholder class based on negotiated expense levels and other factors.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Pathways U.S. Equity Fund (Putnam) SF545

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Pathways U.S. Equity Fund (Putnam) SF545

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.79	2.83	2.83	2.79	—
75/100 guarantee policy	3.06	3.11	3.09	3.06	—
PS1 75/75 guarantee policy	2.56	2.62	2.57	2.56	—
PS1 75/100 guarantee policy	2.84	2.90	2.85	2.84	—
PS 75/75 guarantee policy	1.70	1.73	1.72	—	—
PS 75/100 guarantee policy	1.97	2.01	2.00	1.97	—
PPS 75/75 guarantee policy	1.47	1.50	1.46	1.46	—
PPS 75/100 guarantee policy	1.74	1.78	—	—	—
75/75 Constellation	1.82	1.84	1.81	—	—
75/100 Constellation	2.20	2.23	2.20	—	—
100/100 Constellation	2.47	2.51	2.49	—	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
PS1 75/75 guarantee policy	2.56	2.62	2.59	2.56	—
PS1 75/100 guarantee policy	2.84	2.90	2.87	2.84	—
PPS 75/75 guarantee policy	1.47	1.50	1.48	1.46	—
PPS 75/100 guarantee policy	1.74	1.78	—	—	—

Portfolio Turnover Rate (%) ⁽³⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	16.46	97.27	13.97	5.11	—

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

(4) The Fund commenced on June 17, 2019 and as a result does not have comparative figures for the prior year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

PATHWAYS U.S. CONCENTRATED EQUITY FUND (ARISTOTLE) SF546

December 31, 2022

Independent Auditor's Report

To the Contractholders of Pathways U.S. Concentrated Equity Fund (Aristotle) SF546 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Pathways U.S. Concentrated Equity Fund (Aristotle) SF546

(in Canadian \$ thousands)

Fund Manager: Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 25	\$ 176
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	12
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	40,361	43,996
Total investments	40,361	43,996
Total assets	\$ 40,386	\$ 44,184
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	9	—
Due to brokers	25	81
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	34	81
Net assets attributable to contractholders	\$ 40,352	\$ 44,103

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (3,741)	\$ 6,280
Miscellaneous income (loss)	—	—
Total income (loss)	(3,741)	6,280
Expenses		
Management fees (note 8)	890	724
Other	97	88
Total expenses	987	812
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (4,728)	\$ 5,468

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year		
	\$ 44,103	\$ 15,055
Contractholder deposits	4,630	27,241
Contractholder withdrawals	(3,653)	(3,661)
Increase (decrease) in net assets from operations attributable to contractholders	(4,728)	5,468
Change in net assets attributable to contractholders	(3,751)	29,048
Net assets attributable to contractholders - end of year	\$ 40,352	\$ 44,103

Pathways U.S. Concentrated Equity Fund (Aristotle) SF546

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (4,728)	\$ 5,468
Adjustments		
Realized (gains) losses	(581)	(306)
Unrealized (gains) losses	5,130	(5,674)
Gross proceeds of disposition of investments	7,287	2,064
Gross payments for the purchase of investments	(7,393)	(24,794)
Distribution income of underlying mutual fund	(808)	(300)
Change in due from/to The Canada Life Assurance Company	21	5
Change in due from/to brokers	(56)	72
	<u>(1,128)</u>	<u>(23,465)</u>
Financing Activities		
Contractholder deposits	4,630	27,241
Contractholder withdrawals	(3,653)	(3,661)
	<u>977</u>	<u>23,580</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(151)	115
Cash, short-term deposits and overdrafts, beginning of year	176	61
Cash, short-term deposits and overdrafts, end of year	\$ 25	\$ 176

Pathways U.S. Concentrated Equity Fund (Aristotle) SF546

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Canada Life Pathways U.S. Concentrated Equity Fund Series S *	2,985,918	37,923	40,361
Total Investments		37,923	40,361

Top 25 Holdings

Security Description	% of Total
Microsoft Corp.	3.93%
Corteva Inc.	3.72%
Danaher Corp.	3.02%
Ameriprise Financial Inc.	2.97%
Parker Hannifin Corp.	2.82%
Amgen Inc.	2.81%
Merck & Co. Inc.	2.80%
Microchip Technology Inc.	2.78%
Lennar Corp. Class A	2.75%
Xcel Energy Inc.	2.73%
Martin Marietta Materials Inc.	2.71%
Adobe Inc.	2.70%
The Coca-Cola Co.	2.68%
The Procter & Gamble Co.	2.59%
Honeywell International Inc.	2.58%
Xylem Inc.	2.57%
Atmos Energy Corp.	2.53%
ANSYS Inc.	2.42%
Sony Group Corp. ADR	2.40%
RPM International Inc.	2.38%
PNC Financial Services Group Inc.	2.27%
Capital One Financial Corp.	2.25%
Coterra Energy Inc.	2.25%
Qualcomm Inc.	2.24%
Cincinnati Financial Corp.	2.21%

*The issuer of this security is a related company to the issuer of the Fund.

Pathways U.S. Concentrated Equity Fund (Aristotle) SF546

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category ⁽¹⁾

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	667,066	574,108	349,395	59,244	—	8,488	8,207	4,126	644	—
75/100 guarantee policy	518,051	601,265	265,865	81,483	—	6,519	8,524	3,122	883	—
PS1 75/75 guarantee policy	728,660	636,731	297,792	107,771	—	9,342	9,150	3,528	1,171	—
PS1 75/100 guarantee policy	471,627	685,100	129,806	79,098	—	5,986	9,773	1,530	858	—
PS2 75/75 guarantee policy	84,472	86,670	23,106	109	—	1,186	1,329	284	1	—
PS2 75/100 guarantee policy	129,100	68,632	18,053	13,269	—	1,813	1,052	222	146	—
PS 75/75 guarantee policy	26,009	15,646	20,026	7,438	—	344	230	240	82	—
PS 75/100 guarantee policy	89,351	41,068	17,900	8,260	—	1,170	599	215	90	—
PPS 75/75 guarantee policy	30,809	23,594	38,638	4,684	—	411	349	465	51	—
PPS 75/100 guarantee policy	167,666	122,133	38,227	—	—	2,213	1,792	458	—	—
75/75 Constellation	112,573	99,314	30,006	—	—	1,341	1,316	325	—	—
75/100 Constellation	128,027	129,522	49,219	—	—	1,507	1,703	531	—	—
100/100 Constellation	2,711	6,046	709	—	—	32	79	9	—	—

Net Assets Attributable to Contractholders Per Unit ⁽¹⁾ (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	12.72	14.30	11.81	10.86	—	(1.58)	2.49
75/100 guarantee policy	12.58	14.18	11.74	10.84	—	(1.60)	2.44
PS1 75/75 guarantee policy	12.82	14.37	11.84	10.87	—	(1.55)	2.53
PS1 75/100 guarantee policy	12.69	14.26	11.79	10.85	—	(1.57)	2.47
PS2 75/75 guarantee policy	14.04	15.33	12.31	11.01	—	(1.29)	3.02
PS2 75/100 guarantee policy	14.04	15.34	12.31	11.01	—	(1.30)	3.03
PS 75/75 guarantee policy	13.22	14.69	12.00	10.92	—	(1.47)	2.69
PS 75/100 guarantee policy	13.09	14.58	11.95	10.90	—	(1.49)	2.63
PPS 75/75 guarantee policy	13.33	14.78	12.05	10.93	—	(1.45)	2.73
PPS 75/100 guarantee policy	13.20	14.67	11.99	—	—	(1.47)	2.68
75/75 Constellation	11.91	13.25	10.84	—	—	(1.34)	2.41
75/100 Constellation	11.77	13.15	10.80	—	—	(1.38)	2.35
100/100 Constellation	11.68	13.08	10.77	—	—	(1.40)	2.31

⁽¹⁾ The Fund commenced on June 17, 2019 and as a result does not have comparative figures for the prior year.

Pathways U.S. Concentrated Equity Fund (Aristotle) SF546

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Pathways U.S. Concentrated Equity Fund (Aristotle) SF546 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Pathways U.S. Concentrated Equity Fund (Aristotle) SF546

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Pathways U.S. Concentrated Equity Fund (Aristotle) SF546

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Pathways U.S. Concentrated Equity Fund (Aristotle) SF546

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

Pathways U.S. Concentrated Equity Fund (Aristotle) SF546

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

Pathways U.S. Concentrated Equity Fund (Aristotle) SF546

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Pathways U.S. Concentrated Equity Fund (Aristotle) SF546

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

Pathways U.S. Concentrated Equity Fund (Aristotle) SF546

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S1C 75/75 Constellation IC Wealth,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S2C 75/75 Constellation IC Wealth,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy,
- Option S3HF PPS 100/100 guarantee policy, and
- Option S3C 75/75 Constellation IC Wealth.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Pathways U.S. Concentrated Equity Fund (Aristotle) SF546

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

The NAV per unit for group contractholders has not been shown because it will vary for each sub-class within the group contractholder class based on negotiated expense levels and other factors.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Pathways U.S. Concentrated Equity Fund (Aristotle) SF546

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Pathways U.S. Concentrated Equity Fund (Aristotle) SF546

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.82	2.85	2.84	2.78	—
75/100 guarantee policy	3.11	3.14	3.12	3.05	—
PS1 75/75 guarantee policy	2.59	2.61	2.55	2.54	—
PS1 75/100 guarantee policy	2.88	2.91	2.86	2.82	—
PS 75/75 guarantee policy	1.71	1.74	1.73	1.69	—
PS 75/100 guarantee policy	1.98	2.01	2.01	1.96	—
PPS 75/75 guarantee policy	1.49	1.51	1.44	1.47	—
PPS 75/100 guarantee policy	1.76	1.77	1.76	—	—
75/75 Constellation	1.84	1.85	1.83	—	—
75/100 Constellation	2.23	2.24	2.21	—	—
100/100 Constellation	2.53	2.54	2.49	—	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
PS1 75/75 guarantee policy	2.59	2.61	2.58	2.54	—
PS1 75/100 guarantee policy	2.88	2.91	2.89	2.82	—
PPS 75/75 guarantee policy	1.49	1.51	1.47	1.47	—
PPS 75/100 guarantee policy	1.76	1.77	1.79	—	—

Portfolio Turnover Rate (%) ⁽³⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	17.78	6.67	6.48	1.16	—

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

(4) The Fund commenced on June 17, 2019 and as a result does not have comparative figures for the prior year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
PATHWAYS INTERNATIONAL EQUITY FUND (SETANTA) SF547

December 31, 2022

Independent Auditor's Report

To the Contractholders of Pathways International Equity Fund (Setanta) SF547 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Pathways International Equity Fund (Setanta) SF547

(in Canadian \$ thousands)

Fund Manager: Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	138
Due from brokers	75	91
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	98,758	95,012
Total investments	98,758	95,012
Total assets	\$ 98,833	\$ 95,241
Liabilities		
Overdrafts	\$ 459	\$ 87
Due to The Canada Life Assurance Company (note 8)	13	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	472	87
Net assets attributable to contractholders	\$ 98,361	\$ 95,154

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (8,332)	\$ 7,581
Miscellaneous income (loss)	—	—
Total income (loss)	(8,332)	7,581
Expenses		
Management fees (note 8)	163	125
Other	18	13
Total expenses	181	138
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (8,513)	\$ 7,443

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year		
Contractholder deposits	\$ 16,452	\$ 56,369
Contractholder withdrawals	(4,732)	(4,807)
Increase (decrease) in net assets from operations attributable to contractholders	(8,513)	7,443
Change in net assets attributable to contractholders	3,207	59,005
Net assets attributable to contractholders - end of year	\$ 98,361	\$ 95,154

Pathways International Equity Fund (Setanta) SF547

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (8,513)	\$ 7,443
Adjustments		
Realized (gains) losses	135	(197)
Unrealized (gains) losses	10,987	(5,665)
Gross proceeds of disposition of investments	3,121	3,937
Gross payments for the purchase of investments	(15,199)	(55,259)
Distribution income of underlying mutual fund	(2,790)	(1,719)
Change in due from/to The Canada Life Assurance Company	151	(131)
Change in due from/to brokers	16	(103)
	<u>(12,092)</u>	<u>(51,694)</u>
Financing Activities		
Contractholder deposits	16,452	56,369
Contractholder withdrawals	(4,732)	(4,807)
	<u>11,720</u>	<u>51,562</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(372)	(132)
Cash, short-term deposits and overdrafts, beginning of year	(87)	45
Cash, short-term deposits and overdrafts, end of year	\$ (459)	\$ (87)

Pathways International Equity Fund (Setanta) SF547

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Canada Life Pathways International Equity Fund Series S *	10,521,032	103,717	98,758
Total Investments		103,717	98,758

Top 25 Holdings

Security Description	% of Total
Diageo PLC	4.62%
Bank of Ireland Group PLC	4.43%
EssilorLuxottica SA	4.42%
Groupe Bruxelles Lambert SA *	4.39%
Thai Beverage PCL	4.26%
Samsung Electronics Co. Ltd.	4.11%
Unilever PLC	4.01%
Alcon Inc.	3.98%
DCC PLC	3.92%
Cash and short-term deposits	3.83%
Novartis AG	3.80%
Ferguson PLC	3.56%
Sanofi SA	3.56%
GEA Group AG	3.42%
Ryanair Holdings PLC ADR	3.29%
Adidas AG	3.06%
Alfresa Holdings Corp.	3.05%
United Utilities Group PLC	2.92%
The Swatch Group AG	2.92%
Bank Leumi Le-Israel	2.91%
CRH PLC	2.87%
GSK PLC	2.85%
Lancashire Holdings Ltd.	2.62%
Tencent Holdings Ltd.	2.29%
Telefonaktiebolaget LM Ericsson	2.00%

*The issuer of this security is a related company to the issuer of the Fund.

Pathways International Equity Fund (Setanta) SF547

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 4 and are not included on this page.

Net Assets Attributable to Contractholders by Category ⁽¹⁾

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	75,000	54,215	30,524	5,838	—	697	570	300	61	—
75/100 guarantee policy	116,626	100,706	86,114	35,545	—	1,072	1,051	841	368	—
PS1 75/75 guarantee policy	67,062	52,785	15,453	4,612	—	628	559	152	48	—
PS1 75/100 guarantee policy	84,054	90,832	54,885	45,677	—	780	955	538	473	—
PS2 75/75 guarantee policy	1,032	1,492	168	—	—	11	17	2	—	—
PS2 75/100 guarantee policy	2,206	2,269	—	3,222	—	23	26	—	34	—
PS 75/75 guarantee policy	1,475	298	—	578	—	14	3	—	6	—
PS 75/100 guarantee policy	28,078	14,783	24,057	7,083	—	268	159	239	74	—
PPS 75/75 guarantee policy	10,695	10,810	10,924	—	—	104	118	109	—	—
75/75 Constellation	263,513	190,997	64,131	—	—	2,420	1,967	610	—	—
75/100 Constellation	247,516	193,613	74,831	—	—	2,247	1,979	709	—	—
100/100 Constellation	23,864	22,088	6,427	—	—	215	224	61	—	—

Net Assets Attributable to Contractholders Per Unit ⁽¹⁾ (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	9.29	10.52	9.82	10.38	—	(1.23)	0.70
75/100 guarantee policy	9.19	10.44	9.76	10.35	—	(1.25)	0.68
PS1 75/75 guarantee policy	9.37	10.58	9.85	10.38	—	(1.21)	0.73
PS1 75/100 guarantee policy	9.28	10.51	9.81	10.37	—	(1.23)	0.70
PS2 75/75 guarantee policy	10.25	11.29	10.23	—	—	(1.04)	1.06
PS2 75/100 guarantee policy	10.22	11.25	—	10.53	—	(1.03)	1.05
PS 75/75 guarantee policy	9.62	10.78	—	10.43	—	(1.16)	0.84
PS 75/100 guarantee policy	9.55	10.73	9.93	10.41	—	(1.18)	0.80
PPS 75/75 guarantee policy	9.74	10.88	10.01	—	—	(1.14)	0.87
75/75 Constellation	9.18	10.30	9.52	—	—	(1.12)	0.78
75/100 Constellation	9.08	10.22	9.48	—	—	(1.14)	0.74
100/100 Constellation	8.99	10.16	9.45	—	—	(1.17)	0.71

⁽¹⁾ The Fund commenced on June 17, 2019 and as a result does not have comparative figures for the prior year.

Pathways International Equity Fund (Setanta) SF547

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Pathways International Equity Fund (Setanta) SF547 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Pathways International Equity Fund (Setanta) SF547

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Pathways International Equity Fund (Setanta) SF547

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Pathways International Equity Fund (Setanta) SF547

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

Pathways International Equity Fund (Setanta) SF547

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

Pathways International Equity Fund (Setanta) SF547

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Pathways International Equity Fund (Setanta) SF547

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

Pathways International Equity Fund (Setanta) SF547

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S1C 75/75 Constellation IC Wealth,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S2C 75/75 Constellation IC Wealth,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy,
- Option S3HF PPS 100/100 guarantee policy, and
- Option S3C 75/75 Constellation IC Wealth.

Portfolio units are those units owned by the Asset Allocation Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Pathways International Equity Fund (Setanta) SF547

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

The NAV per unit for group contractholders has not been shown because it will vary for each sub-class within the group contractholder class based on negotiated expense levels and other factors.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Pathways International Equity Fund (Setanta) SF547

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Pathways International Equity Fund (Setanta) SF547

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.88	2.85	2.80	2.84	—
75/100 guarantee policy	3.16	3.14	3.11	3.10	—
PS1 75/75 guarantee policy	2.59	2.58	2.51	2.55	—
PS1 75/100 guarantee policy	2.88	2.85	2.79	2.81	—
PS 75/75 guarantee policy	1.77	1.76	—	1.74	—
PS 75/100 guarantee policy	2.04	2.04	2.02	2.00	—
PPS 75/75 guarantee policy	1.49	1.47	1.43	—	—
75/75 Constellation	1.89	1.87	1.86	—	—
75/100 Constellation	2.28	2.25	2.24	—	—
100/100 Constellation	2.61	2.58	2.57	—	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
PS1 75/75 guarantee policy	2.59	2.58	2.53	2.55	—
PS1 75/100 guarantee policy	2.88	2.85	2.81	2.81	—
PPS 75/75 guarantee policy	1.49	1.47	1.45	—	—

Portfolio Turnover Rate (%) ⁽³⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	3.38	5.28	5.91	1.66	—

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

(4) The Fund commenced on June 17, 2019 and as a result does not have comparative figures for the prior year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
PATHWAYS INTERNATIONAL CONCENTRATED EQUITY FUND (C
WORLDWIDE) SF548

December 31, 2022

Independent Auditor's Report

To the Contractholders of Pathways International Concentrated Equity Fund (C WorldWide) SF548 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Pathways International Concentrated Equity Fund (C WorldWide) SF548

(in Canadian \$ thousands)

Fund Manager: Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 113	\$ 288
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	56
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	49,083	41,683
Total investments	49,083	41,683
Total assets	\$ 49,196	\$ 42,027
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	35	—
Due to brokers	103	178
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	138	178
Net assets attributable to contractholders	\$ 49,058	\$ 41,849

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (2,866)	\$ 2,827
Miscellaneous income (loss)	—	—
Total income (loss)	(2,866)	2,827
Expenses		
Management fees (note 8)	940	714
Other	104	83
Total expenses	1,044	797
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (3,910)	\$ 2,030

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 41,849	\$ 18,071
Contractholder deposits	14,125	24,800
Contractholder withdrawals	(3,006)	(3,052)
Increase (decrease) in net assets from operations attributable to contractholders	(3,910)	2,030
Change in net assets attributable to contractholders	7,209	23,778
Net assets attributable to contractholders - end of year	\$ 49,058	\$ 41,849

Pathways International Concentrated Equity Fund (C WorldWide) SF548

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (3,910)	\$ 2,030
Adjustments		
Realized (gains) losses	89	(267)
Unrealized (gains) losses	3,329	(2,256)
Gross proceeds of disposition of investments	3,633	2,558
Gross payments for the purchase of investments	(13,899)	(23,474)
Distribution income of underlying mutual fund	(552)	(304)
Change in due from/to The Canada Life Assurance Company	91	47
Change in due from/to brokers	(75)	147
	<u>(11,294)</u>	<u>(21,519)</u>
Financing Activities		
Contractholder deposits	14,125	24,800
Contractholder withdrawals	(3,006)	(3,052)
	<u>11,119</u>	<u>21,748</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(175)	229
Cash, short-term deposits and overdrafts, beginning of year	288	59
Cash, short-term deposits and overdrafts, end of year	\$ 113	\$ 288

Pathways International Concentrated Equity Fund (C WorldWide) SF548

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Canada Life Pathways International Concentrated Equity Fund Series S *	3,891,023	47,835	49,083
Total Investments		47,835	49,083

Top 25 Holdings

Security Description	% of Total
HDFC Bank Ltd. ADR	8.03%
Novo Nordisk AS	7.65%
ASML Holding NV	4.93%
Nestle SA	4.63%
AstraZeneca PLC	4.37%
Linde PLC	4.33%
Ferguson PLC	4.29%
Siemens AG	3.92%
LVMH Moet Hennessy Louis Vuitton SE	3.89%
Hoya Corp.	3.64%
Sony Group Corp.	3.62%
AIA Group Ltd.	3.52%
Diageo PLC	3.31%
Daikin Industries Ltd.	3.24%
L'Oreal SA	3.19%
Bank Central Asia TBK PT	3.18%
Deutsche Boerse AG	2.99%
SSE PLC	2.96%
SAP SE	2.94%
Samsung Electronics Co. Ltd. GDR	2.80%
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	2.77%
Assa Abloy AB	2.75%
Atlas Copco AB Class A	2.54%
Keyence Corp.	2.42%
Vinci SA	2.02%

*The issuer of this security is a related company to the issuer of the Fund.

Pathways International Concentrated Equity Fund (C WorldWide) SF548

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category ⁽¹⁾

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	664,747	482,092	207,125	39,669	—	7,847	6,391	2,584	419	—
75/100 guarantee policy	886,283	600,269	440,997	60,596	—	10,326	7,880	5,465	638	—
PS1 75/75 guarantee policy	603,856	460,608	220,564	132,858	—	7,195	6,146	2,761	1,405	—
PS1 75/100 guarantee policy	750,683	503,059	294,411	47,435	—	8,838	6,655	3,666	501	—
PS2 75/75 guarantee policy	121,422	167,467	45,494	—	—	1,588	2,389	593	—	—
PS2 75/100 guarantee policy	103,230	73,779	15,763	4,129	—	1,350	1,052	205	44	—
PS 75/75 guarantee policy	41,614	17,530	11,152	10,468	—	510	239	141	111	—
PS 75/100 guarantee policy	53,927	58,129	15,366	9,317	—	654	785	194	99	—
PPS 75/75 guarantee policy	136,651	89,444	6,674	—	—	1,693	1,228	85	—	—
PPS 75/100 guarantee policy	138,715	117,307	24,043	—	—	1,699	1,597	305	—	—
75/75 Constellation	322,374	274,961	65,865	—	—	3,627	3,438	767	—	—
75/100 Constellation	328,112	309,911	110,877	—	—	3,650	3,846	1,286	—	—
100/100 Constellation	7,386	16,494	1,624	—	—	81	203	19	—	—

Net Assets Attributable to Contractholders Per Unit ⁽¹⁾ (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	11.80	13.26	12.47	10.57	—	(1.46)	0.79
75/100 guarantee policy	11.65	13.13	12.39	10.54	—	(1.48)	0.74
PS1 75/75 guarantee policy	11.91	13.34	12.52	10.57	—	(1.43)	0.82
PS1 75/100 guarantee policy	11.77	13.23	12.45	10.55	—	(1.46)	0.78
PS2 75/75 guarantee policy	13.08	14.26	13.03	—	—	(1.18)	1.23
PS2 75/100 guarantee policy	13.08	14.26	13.03	10.72	—	(1.18)	1.23
PS 75/75 guarantee policy	12.27	13.62	12.68	10.62	—	(1.35)	0.94
PS 75/100 guarantee policy	12.12	13.51	12.61	10.60	—	(1.39)	0.90
PPS 75/75 guarantee policy	12.39	13.72	12.73	—	—	(1.33)	0.99
PPS 75/100 guarantee policy	12.25	13.61	12.67	—	—	(1.36)	0.94
75/75 Constellation	11.25	12.50	11.64	—	—	(1.25)	0.86
75/100 Constellation	11.12	12.41	11.60	—	—	(1.29)	0.81
100/100 Constellation	11.01	12.33	11.56	—	—	(1.32)	0.77

⁽¹⁾ The Fund commenced on June 17, 2019 and as a result does not have comparative figures for the prior year.

Pathways International Concentrated Equity Fund (C WorldWide) SF548

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Pathways International Concentrated Equity Fund (C WorldWide) SF548 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Pathways International Concentrated Equity Fund (C WorldWide) SF548

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Pathways International Concentrated Equity Fund (C WorldWide) SF548

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Pathways International Concentrated Equity Fund (C WorldWide) SF548

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

Pathways International Concentrated Equity Fund (C WorldWide) SF548

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

Pathways International Concentrated Equity Fund (C WorldWide) SF548

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Pathways International Concentrated Equity Fund (C WorldWide) SF548

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

Pathways International Concentrated Equity Fund (C WorldWide) SF548

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S1C 75/75 Constellation IC Wealth,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S2C 75/75 Constellation IC Wealth,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy,
- Option S3HF PPS 100/100 guarantee policy, and
- Option S3C 75/75 Constellation IC Wealth.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Pathways International Concentrated Equity Fund (C WorldWide) SF548

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

The NAV per unit for group contractholders has not been shown because it will vary for each sub-class within the group contractholder class based on negotiated expense levels and other factors.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Pathways International Concentrated Equity Fund (C WorldWide) SF548

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Pathways International Concentrated Equity Fund (C WorldWide) SF548

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.93	2.94	2.97	2.89	—
75/100 guarantee policy	3.26	3.28	3.33	3.23	—
PS1 75/75 guarantee policy	2.65	2.65	2.66	2.60	—
PS1 75/100 guarantee policy	2.98	2.99	3.02	2.93	—
PS 75/75 guarantee policy	1.82	1.83	1.86	1.79	—
PS 75/100 guarantee policy	2.17	2.16	2.20	2.13	—
PPS 75/75 guarantee policy	1.54	1.55	1.55	—	—
PPS 75/100 guarantee policy	1.88	1.87	1.89	—	—
75/75 Constellation	1.89	1.89	1.89	—	—
75/100 Constellation	2.28	2.28	2.28	—	—
100/100 Constellation	2.62	2.63	2.61	—	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
PS1 75/75 guarantee policy	2.65	2.65	2.69	2.60	—
PS1 75/100 guarantee policy	2.98	2.99	3.05	2.93	—
PPS 75/75 guarantee policy	1.54	1.55	1.58	—	—
PPS 75/100 guarantee policy	1.88	1.87	1.92	—	—

Portfolio Turnover Rate (%) ⁽³⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	8.48	8.38	14.97	0.87	—

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

(4) The Fund commenced on June 17, 2019 and as a result does not have comparative figures for the prior year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
PATHWAYS EMERGING MARKETS LARGE CAP EQUITY FUND
(MACKENZIE) SF549

December 31, 2022

Independent Auditor's Report

To the Contractholders of Pathways Emerging Markets Large Cap Equity Fund (Mackenzie) SF549 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Pathways Emerging Markets Large Cap Equity Fund (Mackenzie) SF549

(in Canadian \$ thousands)

Fund Manager: Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	27	12
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	17,815	23,701
Total investments	17,815	23,701
Total assets	\$ 17,842	\$ 23,713
Liabilities		
Overdrafts	\$ 44	\$ 6
Due to The Canada Life Assurance Company (note 8)	7	25
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	51	31
Net assets attributable to contractholders	\$ 17,791	\$ 23,682

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (3,302)	\$ (367)
Miscellaneous income (loss)	—	—
Total income (loss)	(3,302)	(367)
Expenses		
Management fees (note 8)	491	518
Other	50	50
Total expenses	541	568
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (3,843)	\$ (935)

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 23,682	\$ 6,374
Contractholder deposits	1,770	19,998
Contractholder withdrawals	(3,818)	(1,755)
Increase (decrease) in net assets from operations attributable to contractholders	(3,843)	(935)
Change in net assets attributable to contractholders	(5,891)	17,308
Net assets attributable to contractholders - end of year	\$ 17,791	\$ 23,682

Pathways Emerging Markets Large Cap Equity Fund (Mackenzie) SF549

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (3,843)	\$ (935)
Adjustments		
Realized (gains) losses	678	(172)
Unrealized (gains) losses	3,396	1,299
Gross proceeds of disposition of investments	4,974	4,065
Gross payments for the purchase of investments	(2,390)	(21,781)
Distribution income of underlying mutual fund	(772)	(760)
Change in due from/to The Canada Life Assurance Company	(18)	26
Change in due from/to brokers	(15)	(81)
	<u>2,010</u>	<u>(18,339)</u>
Financing Activities		
Contractholder deposits	1,770	19,998
Contractholder withdrawals	(3,818)	(1,755)
	<u>(2,048)</u>	<u>18,243</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(38)	(96)
Cash, short-term deposits and overdrafts, beginning of year	<u>(6)</u>	<u>90</u>
Cash, short-term deposits and overdrafts, end of year	<u><u>\$ (44)</u></u>	<u><u>\$ (6)</u></u>

Pathways Emerging Markets Large Cap Equity Fund (Mackenzie) SF549

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Canada Life Pathways Emerging Markets Large Cap Equity Fund Series S *	1,663,947	21,633	17,815
Total Investments		21,633	17,815

Top 25 Holdings

Security Description	% of Total
Taiwan Semiconductor Manufacturing Co. Ltd.	6.94%
Tencent Holdings Ltd.	3.59%
Meituan Class B	3.18%
Cash and short-term deposits	2.43%
Samsung Electronics Co. Ltd.	2.04%
BYD Co. Ltd.	1.99%
Delta Electronics Inc.	1.87%
Grupo Financiero Banorte SAB de CV	1.80%
Alibaba Group Holding Ltd.	1.76%
China Petroleum and Chemical Corp. Class H	1.74%
Jindal Steel & Power Ltd.	1.73%
Varun Beverages Ltd.	1.69%
Mahindra & Mahindra Ltd.	1.68%
PICC Property & Casualty Co. Ltd.	1.67%
China Unicom (Hong Kong) Ltd.	1.60%
Posco Chemical Co. Ltd.	1.59%
Shenzhen Salubris Pharmaceuticals Co. Ltd.	1.52%
LG Innotek Co. Ltd.	1.50%
Global Unichip Corp.	1.49%
Shriram Transport Finance Co. Ltd.	1.48%
China Construction Bank Corp.	1.47%
Petrochina Co. Ltd.	1.45%
Central Retail Corp. PCL	1.44%
PT Bank Mandiri (Persero) TBK	1.42%
Zhen Ding Technology Holding Ltd.	1.41%

*The issuer of this security is a related company to the issuer of the Fund.

Pathways Emerging Markets Large Cap Equity Fund (Mackenzie) SF549

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category ⁽¹⁾

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	261,472	306,505	90,526	4,367	—	2,848	4,024	1,178	48	—
75/100 guarantee policy	353,044	404,197	86,248	11,145	—	3,774	5,226	1,109	121	—
PS1 75/75 guarantee policy	239,229	280,042	68,535	3,642	—	2,624	3,688	891	39	—
PS1 75/100 guarantee policy	248,231	317,759	84,624	29,629	—	2,691	4,150	1,095	321	—
PS2 75/75 guarantee policy	30,646	33,362	13,233	—	—	372	472	180	—	—
PS2 75/100 guarantee policy	94,366	124,405	33,750	19,737	—	1,145	1,761	458	218	—
PS 75/75 guarantee policy	9,481	11,310	6,588	459	—	107	152	87	5	—
PS 75/100 guarantee policy	22,268	44,728	3,684	9	—	247	595	48	—	—
PPS 75/75 guarantee policy	27,613	26,424	17,725	—	—	315	358	235	—	—
PPS 75/100 guarantee policy	5,597	24,424	1,929	—	—	63	328	25	—	—
75/75 Constellation	182,895	115,552	39,911	—	—	1,801	1,362	463	—	—
75/100 Constellation	172,167	119,695	47,421	—	—	1,679	1,401	548	—	—
100/100 Constellation	12,899	14,195	4,845	—	—	125	165	57	—	—

Net Assets Attributable to Contractholders Per Unit ⁽¹⁾ (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	10.89	13.13	13.02	10.92	—	(2.24)	0.11
75/100 guarantee policy	10.69	12.93	12.86	10.83	—	(2.24)	0.07
PS1 75/75 guarantee policy	10.97	13.17	13.00	10.86	—	(2.20)	0.17
PS1 75/100 guarantee policy	10.84	13.06	12.94	10.84	—	(2.22)	0.12
PS2 75/75 guarantee policy	12.13	14.16	13.59	—	—	(2.03)	0.57
PS2 75/100 guarantee policy	12.13	14.15	13.58	11.03	—	(2.02)	0.57
PS 75/75 guarantee policy	11.24	13.40	13.14	10.91	—	(2.16)	0.26
PS 75/100 guarantee policy	11.11	13.29	13.08	10.89	—	(2.18)	0.21
PPS 75/75 guarantee policy	11.41	13.55	13.23	—	—	(2.14)	0.32
PPS 75/100 guarantee policy	11.28	13.43	13.16	—	—	(2.15)	0.27
75/75 Constellation	9.85	11.79	11.60	—	—	(1.94)	0.19
75/100 Constellation	9.75	11.71	11.56	—	—	(1.96)	0.15
100/100 Constellation	9.66	11.63	11.53	—	—	(1.97)	0.10

⁽¹⁾ The Fund commenced on June 17, 2019 and as a result does not have comparative figures for the prior year.

Pathways Emerging Markets Large Cap Equity Fund (Mackenzie) SF549

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Pathways Emerging Markets Large Cap Equity Fund (Mackenzie) SF549 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Pathways Emerging Markets Large Cap Equity Fund (Mackenzie) SF549

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Pathways Emerging Markets Large Cap Equity Fund (Mackenzie) SF549

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Pathways Emerging Markets Large Cap Equity Fund (Mackenzie) SF549

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

Pathways Emerging Markets Large Cap Equity Fund (Mackenzie) SF549

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

Pathways Emerging Markets Large Cap Equity Fund (Mackenzie) SF549

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Pathways Emerging Markets Large Cap Equity Fund (Mackenzie) SF549

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

Pathways Emerging Markets Large Cap Equity Fund (Mackenzie) SF549

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S1C 75/75 Constellation IC Wealth,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S2C 75/75 Constellation IC Wealth,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy,
- Option S3HF PPS 100/100 guarantee policy, and
- Option S3C 75/75 Constellation IC Wealth.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Pathways Emerging Markets Large Cap Equity Fund (Mackenzie) SF549

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

The NAV per unit for group contractholders has not been shown because it will vary for each sub-class within the group contractholder class based on negotiated expense levels and other factors.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Pathways Emerging Markets Large Cap Equity Fund (Mackenzie) SF549

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Pathways Emerging Markets Large Cap Equity Fund (Mackenzie) SF549

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	3.25	3.23	3.35	3.25	—
75/100 guarantee policy	3.58	3.56	3.69	3.58	—
PS1 75/75 guarantee policy	2.85	2.83	2.91	2.86	—
PS1 75/100 guarantee policy	3.19	3.16	3.25	3.19	—
PS 75/75 guarantee policy	2.14	2.13	2.21	2.15	—
PS 75/100 guarantee policy	2.49	2.46	2.56	2.48	—
PPS 75/75 guarantee policy	1.75	1.72	1.78	—	—
PPS 75/100 guarantee policy	2.08	2.04	2.12	—	—
75/75 Constellation	2.52	2.51	2.58	—	—
75/100 Constellation	2.86	2.84	2.91	—	—
100/100 Constellation	3.20	3.17	3.23	—	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
PS1 75/75 guarantee policy	2.85	2.83	2.95	2.86	—
PS1 75/100 guarantee policy	3.19	3.16	3.29	3.19	—
PPS 75/75 guarantee policy	1.75	1.72	1.82	—	—
PPS 75/100 guarantee policy	2.08	2.04	2.16	—	—

Portfolio Turnover Rate (%) ⁽³⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	12.26	20.79	28.18	2.45	—

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

(4) The Fund commenced on June 17, 2019 and as a result does not have comparative figures for the prior year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
PATHWAYS EMERGING MARKETS EQUITY FUND (NORTHCAPE)
SF550

December 31, 2022

Independent Auditor's Report

To the Contractholders of Pathways Emerging Markets Equity Fund (Northcape) SF550 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Pathways Emerging Markets Equity Fund (Northcape) SF550

(in Canadian \$ thousands)

Fund Manager: Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 68	\$ 117
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	26	123
Due from brokers	—	7
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	108,121	116,359
Total investments	108,121	116,359
Total assets	\$ 108,215	\$ 116,606
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	13	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	13	—
Net assets attributable to contractholders	\$ 108,202	\$ 116,606

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (17,386)	\$ (988)
Miscellaneous income (loss)	—	—
Total income (loss)	(17,386)	(988)
Expenses		
Management fees (note 8)	1,178	1,069
Other	128	111
Total expenses	1,306	1,180
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (18,692)	\$ (2,168)

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 116,606	\$ 45,203
Contractholder deposits	15,828	82,789
Contractholder withdrawals	(5,540)	(9,218)
Increase (decrease) in net assets from operations attributable to contractholders	(18,692)	(2,168)
Change in net assets attributable to contractholders	(8,404)	71,403
Net assets attributable to contractholders - end of year	\$ 108,202	\$ 116,606

Pathways Emerging Markets Equity Fund (Northcape) SF550

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (18,692)	\$ (2,168)
Adjustments		
Realized (gains) losses	774	(90)
Unrealized (gains) losses	18,667	3,239
Gross proceeds of disposition of investments	5,176	5,143
Gross payments for the purchase of investments	(14,324)	(77,414)
Distribution income of underlying mutual fund	(2,055)	(2,161)
Change in due from/to The Canada Life Assurance Company	97	(128)
Change in due from/to brokers	20	(71)
	<u>(10,337)</u>	<u>(73,650)</u>
Financing Activities		
Contractholder deposits	15,828	82,789
Contractholder withdrawals	(5,540)	(9,218)
	<u>10,288</u>	<u>73,571</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(49)	(79)
Cash, short-term deposits and overdrafts, beginning of year	<u>117</u>	<u>196</u>
Cash, short-term deposits and overdrafts, end of year	<u>\$ 68</u>	<u>\$ 117</u>

Pathways Emerging Markets Equity Fund (Northcape) SF550

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Canada Life Pathways Emerging Markets Equity Fund Series S *	9,112,735	126,482	108,121
Total Investments		126,482	108,121

Top 25 Holdings

Security Description	% of Total
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	6.91%
Techtronic Industries Co. Ltd.	6.90%
HDFC Bank Ltd. ADR	6.20%
America Movil SAB de CV ADR	6.13%
Maruti Suzuki India Ltd.	6.06%
Samsung Electronics Co. Ltd.	6.04%
Samsung SDI Co. Ltd.	5.58%
Bank Central Asia TBK PT	4.19%
MercadoLibre Inc.	3.89%
Woongjin Coway Co. Ltd.	3.76%
Delta Electronics Inc.	3.58%
Tata Consultancy Services Ltd.	3.32%
Unilever PLC	2.94%
Fomento Economico Mexicano SAB de CV ADR	2.90%
PT Telekomunikasi Indonesia TBK ADR	2.82%
AIA Group Ltd.	2.80%
Cash and short-term deposits	2.67%
Grupo Aeroportuario del Pacifico SAB de CV ADR	2.64%
Housing Development Finance Corp. Ltd.	2.38%
Voltronic Power Technology Corp.	2.04%
Kasikornbank PCL NVDR	1.99%
Indraprastha Gas Ltd.	1.86%
SK Hynix Inc.	1.65%
Advanced Info Service PCL	1.42%
Haitian International Holdings Ltd.	1.14%

*The issuer of this security is a related company to the issuer of the Fund.

Pathways Emerging Markets Equity Fund (Northcape) SF550

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 4 and are not included on this page.

Net Assets Attributable to Contractholders by Category ⁽¹⁾

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	677,073	728,817	208,874	23,729	—	7,253	9,451	2,849	241	—
75/100 guarantee policy	948,578	984,391	473,215	36,097	—	10,012	12,619	6,403	365	—
PS1 75/75 guarantee policy	460,338	455,261	140,941	53,718	—	4,996	5,957	1,931	545	—
PS1 75/100 guarantee policy	715,344	603,311	218,100	21,410	—	7,669	7,824	2,972	217	—
PS2 75/75 guarantee policy	257,372	218,420	112,529	12,690	—	3,109	3,084	1,614	131	—
PS2 75/100 guarantee policy	58,728	93,745	47,799	15,049	—	709	1,324	685	155	—
PS 75/75 guarantee policy	38,255	37,123	13,825	2,740	—	425	494	191	28	—
PS 75/100 guarantee policy	42,130	77,282	10,316	8,966	—	462	1,019	142	91	—
PPS 75/75 guarantee policy	66,451	58,388	22,135	—	—	750	785	308	—	—
PPS 75/100 guarantee policy	88,458	70,464	14,631	5,097	—	986	940	203	52	—
75/75 Constellation	256,604	216,309	46,090	—	—	2,701	2,731	606	—	—
75/100 Constellation	259,073	236,306	74,616	—	—	2,701	2,964	979	—	—
100/100 Constellation	8,253	12,494	682	—	—	85	156	9	—	—

Net Assets Attributable to Contractholders Per Unit ⁽¹⁾ (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	10.71	12.97	13.64	10.15	—	(2.26)	(0.67)
75/100 guarantee policy	10.56	12.82	13.53	10.11	—	(2.26)	(0.71)
PS1 75/75 guarantee policy	10.85	13.08	13.70	10.15	—	(2.23)	(0.62)
PS1 75/100 guarantee policy	10.72	12.97	13.63	10.13	—	(2.25)	(0.66)
PS2 75/75 guarantee policy	12.08	14.12	14.34	10.31	—	(2.04)	(0.22)
PS2 75/100 guarantee policy	12.08	14.12	14.34	10.31	—	(2.04)	(0.22)
PS 75/75 guarantee policy	11.11	13.30	13.84	10.19	—	(2.19)	(0.54)
PS 75/100 guarantee policy	10.98	13.19	13.76	10.17	—	(2.21)	(0.57)
PPS 75/75 guarantee policy	11.28	13.45	13.93	—	—	(2.17)	(0.48)
PPS 75/100 guarantee policy	11.15	13.34	13.86	10.19	—	(2.19)	(0.52)
75/75 Constellation	10.53	12.62	13.16	—	—	(2.09)	(0.54)
75/100 Constellation	10.42	12.54	13.12	—	—	(2.12)	(0.58)
100/100 Constellation	10.32	12.46	13.08	—	—	(2.14)	(0.62)

⁽¹⁾ The Fund commenced on June 17, 2019 and as a result does not have comparative figures for the prior year.

Pathways Emerging Markets Equity Fund (Northcape) SF550

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Pathways Emerging Markets Equity Fund (Northcape) SF550 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Pathways Emerging Markets Equity Fund (Northcape) SF550

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Pathways Emerging Markets Equity Fund (Northcape) SF550

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Pathways Emerging Markets Equity Fund (Northcape) SF550

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

Pathways Emerging Markets Equity Fund (Northcape) SF550

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

Pathways Emerging Markets Equity Fund (Northcape) SF550

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Pathways Emerging Markets Equity Fund (Northcape) SF550

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

Pathways Emerging Markets Equity Fund (Northcape) SF550

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S1C 75/75 Constellation IC Wealth,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S2C 75/75 Constellation IC Wealth,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy,
- Option S3HF PPS 100/100 guarantee policy, and
- Option S3C 75/75 Constellation IC Wealth.

Portfolio units are those units owned by the Asset Allocation Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Pathways Emerging Markets Equity Fund (Northcape) SF550

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

The NAV per unit for group contractholders has not been shown because it will vary for each sub-class within the group contractholder class based on negotiated expense levels and other factors.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Pathways Emerging Markets Equity Fund (Northcape) SF550

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Pathways Emerging Markets Equity Fund (Northcape) SF550

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	3.50	3.49	3.57	3.53	—
75/100 guarantee policy	3.83	3.80	3.90	3.86	—
PS1 75/75 guarantee policy	3.09	3.02	3.10	3.13	—
PS1 75/100 guarantee policy	3.42	3.35	3.43	3.47	—
PS 75/75 guarantee policy	2.38	2.37	2.45	2.43	—
PS 75/100 guarantee policy	2.74	2.72	2.79	2.77	—
PPS 75/75 guarantee policy	1.98	1.93	1.99	—	—
PPS 75/100 guarantee policy	2.31	2.26	2.32	2.39	—
75/75 Constellation	2.56	2.56	2.61	—	—
75/100 Constellation	2.89	2.87	2.96	—	—
100/100 Constellation	3.24	3.23	3.29	—	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
PS1 75/75 guarantee policy	3.09	3.08	3.18	3.13	—
PS1 75/100 guarantee policy	3.42	3.41	3.51	3.47	—
PPS 75/75 guarantee policy	1.98	1.99	2.07	—	—
PPS 75/100 guarantee policy	2.31	2.32	2.40	2.39	—

Portfolio Turnover Rate (%) ⁽³⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	4.75	5.63	24.14	11.59	—

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

(4) The Fund commenced on June 17, 2019 and as a result does not have comparative figures for the prior year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
PATHWAYS GLOBAL TACTICAL FUND (ILIM) SF551

December 31, 2022

Independent Auditor's Report

To the Contractholders of Pathways Global Tactical Fund (ILIM) SF551 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Pathways Global Tactical Fund (ILIM) SF551

(in Canadian \$ thousands)

Fund Manager: Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 36	\$ 6
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	102
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	25,245	23,538
Total investments	25,245	23,538
Total assets	\$ 25,281	\$ 23,646
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	10	—
Due to brokers	24	19
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	34	19
Net assets attributable to contractholders	\$ 25,247	\$ 23,627

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (3,396)	\$ 2,811
Miscellaneous income (loss)	—	—
Total income (loss)	(3,396)	2,811
Expenses		
Management fees (note 8)	218	147
Other	26	19
Total expenses	244	166
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (3,640)	\$ 2,645

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 23,627	\$ 4,957
Contractholder deposits	7,797	17,077
Contractholder withdrawals	(2,537)	(1,052)
Increase (decrease) in net assets from operations attributable to contractholders	(3,640)	2,645
Change in net assets attributable to contractholders	1,620	18,670
Net assets attributable to contractholders - end of year	\$ 25,247	\$ 23,627

Pathways Global Tactical Fund (ILIM) SF551

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (3,640)	\$ 2,645
Adjustments		
Realized (gains) losses	(24)	(29)
Unrealized (gains) losses	4,596	(2,518)
Gross proceeds of disposition of investments	1,842	288
Gross payments for the purchase of investments	(6,945)	(16,162)
Distribution income of underlying mutual fund	(1,176)	(264)
Change in due from/to The Canada Life Assurance Company	112	(74)
Change in due from/to brokers	5	(55)
	<u>(5,230)</u>	<u>(16,169)</u>
Financing Activities		
Contractholder deposits	7,797	17,077
Contractholder withdrawals	(2,537)	(1,052)
	<u>5,260</u>	<u>16,025</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	30	(144)
Cash, short-term deposits and overdrafts, beginning of year	<u>6</u>	<u>150</u>
Cash, short-term deposits and overdrafts, end of year	<u>\$ 36</u>	<u>\$ 6</u>

Pathways Global Tactical Fund (ILIM) SF551

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Canada Life Pathways Global Tactical Fund Series S *	2,358,447	27,091	25,245
Total Investments		27,091	25,245

Top Holdings

Security Description	% of Total
Vanguard S&P 500 ETF	53.11%
Cash and short-term deposits	24.52%
Vanguard FTSE Developed Markets ETF	22.37%

*The issuer of this security is a related company to the issuer of the Fund.

Pathways Global Tactical Fund (ILIM) SF551

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 4 and are not included on this page.

Net Assets Attributable to Contractholders by Category ⁽¹⁾

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 Constellation	569,567	472,250	138,323	—	—	5,777	5,626	1,379	—	—
75/100 Constellation	560,233	511,867	199,388	—	—	5,616	6,050	1,980	—	—
100/100 Constellation	26,946	37,180	8,175	—	—	268	437	81	—	—

Net Assets Attributable to Contractholders Per Unit ⁽¹⁾ (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 Constellation	10.14	11.91	9.97	—	—	(1.77)	1.94
75/100 Constellation	10.02	11.82	9.93	—	—	(1.80)	1.89
100/100 Constellation	9.94	11.76	9.90	—	—	(1.82)	1.86

⁽¹⁾ The Fund commenced on January 13, 2020 and as a result does not have comparative figures for the prior years.

Pathways Global Tactical Fund (ILIM) SF551

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Pathways Global Tactical Fund (ILIM) SF551 (the Fund) is offered by The Canada Life Assurance Company (the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Pathways Global Tactical Fund (ILIM) SF551

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Pathways Global Tactical Fund (ILIM) SF551

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Pathways Global Tactical Fund (ILIM) SF551

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

Pathways Global Tactical Fund (ILIM) SF551

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

Pathways Global Tactical Fund (ILIM) SF551

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Pathways Global Tactical Fund (ILIM) SF551

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Pathways Global Tactical Fund (ILIM) SF551

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

Individual units are available under these different options:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S1C 75/75 Constellation IC Wealth,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S2C 75/75 Constellation IC Wealth,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy,
- Option S3HF PPS 100/100 guarantee policy, and
- Option S3C 75/75 Constellation IC Wealth.

Portfolio units are those units owned by the Asset Allocation Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Pathways Global Tactical Fund (ILIM) SF551

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

The NAV per unit for group contractholders has not been shown because it will vary for each sub-class within the group contractholder class based on negotiated expense levels and other factors.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Pathways Global Tactical Fund (ILIM) SF551

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Pathways Global Tactical Fund (ILIM) SF551

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 Constellation	1.95	1.91	1.85	—	—
75/100 Constellation	2.34	2.30	2.25	—	—
100/100 Constellation	2.63	2.60	2.52	—	—

Portfolio Turnover Rate (%) ⁽²⁾⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	7.49	2.04	6.96	—	—

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

(3) The Fund commenced on January 13, 2020 and as a result does not have comparative figures for the prior years.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
BALANCED FUND (BG) SF552

December 31, 2022

Independent Auditor's Report

To the Contractholders of Balanced Fund (BG) SF552 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Balanced Fund (BG) SF552

(in Canadian \$ thousands)

Fund Manager: Beutel, Goodman & Company Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 22,980	\$ 8,459
Investment income due and accrued	1,314	991
Due from The Canada Life Assurance Company (note 7)	662	—
Due from brokers	78	214
Due from outside parties	—	—
Investments		
Bonds	146,812	115,287
Stocks	325,292	255,569
Investment fund units	—	—
Total investments	472,104	370,856
Total assets	\$ 497,138	\$ 380,520
Liabilities		
Overdrafts	\$ —	\$ 358
Due to The Canada Life Assurance Company (note 7)	—	4
Due to brokers	5,385	785
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	5,385	1,147
Net assets attributable to contractholders	\$ 491,753	\$ 379,373

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (3,632)	\$ 29,106
Miscellaneous income (loss)	66	(67)
Total income (loss)	(3,566)	29,039
Expenses		
Management fees (note 7)	9,388	5,779
Transaction costs	93	75
Withholding taxes	406	217
Other	1,115	674
Total expenses	11,002	6,745
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (14,568)	\$ 22,294

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 379,373	\$ 153,918
Contractholder deposits	171,134	222,647
Contractholder withdrawals	(44,186)	(19,486)
Increase (decrease) in net assets from operations attributable to contractholders	(14,568)	22,294
Change in net assets attributable to contractholders	112,380	225,455
Net assets attributable to contractholders - end of year	\$ 491,753	\$ 379,373

Balanced Fund (BG) SF552

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (14,568)	\$ 22,294
Adjustments		
Realized (gains) losses	(5,337)	(9,896)
Unrealized (gains) losses	20,595	(12,786)
Gross proceeds of disposition of investments	192,210	156,268
Gross payments for the purchase of investments	(308,716)	(355,420)
Change in investment income due and accrued	(323)	(609)
Change in due from/to The Canada Life Assurance Company	(666)	146
Change in due from/to brokers	4,736	(452)
Change in due from/to outside parties	—	—
	<u>(112,069)</u>	<u>(200,455)</u>
Financing Activities		
Contractholder deposits	171,134	222,647
Contractholder withdrawals	(44,186)	(19,486)
	<u>126,948</u>	<u>203,161</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	14,879	2,706
Cash, short-term deposits and overdrafts, beginning of year	8,101	5,395
Cash, short-term deposits and overdrafts, end of year	\$ 22,980	\$ 8,101
Supplementary cash flow information		
Interest income received	\$ 3,507	\$ 1,621
Dividend income received	7,603	4,182

Balanced Fund (BG) SF552

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds			
Federal Government			
Government of Canada 0.50% 09-01-2025	298,000	275	273
Government of Canada 1.00% 09-01-2026	456,000	417	416
Government of Canada 1.25% 03-01-2025	1,816,000	1,717	1,717
Government of Canada 1.50% 06-01-2023	3,915,000	3,864	3,866
Government of Canada 1.50% 06-01-2031	846,000	747	734
Government of Canada 1.50% 09-01-2024	644,000	620	618
Government of Canada 1.50% 12-01-2031	8,390,000	7,543	7,223
Government of Canada 1.75% 12-01-2053	3,812,000	2,824	2,686
Government of Canada 2.00% 06-01-2032	18,551,000	16,729	16,614
Government of Canada 2.00% 12-01-2051	3,638,000	3,310	2,766
Government of Canada 2.25% 03-01-2024	594,000	579	580
Government of Canada 5.75% 06-01-2033	147,000	196	178
Total Federal Government		38,821	37,671
Provincial Government			
Province of Alberta 2.05% 06-01-2030	3,768,000	3,716	3,310
Province of Alberta 2.90% 12-01-2028	1,646,000	1,780	1,562
Province of Alberta 2.95% 06-01-2052	692,000	580	542
Province of Alberta 3.10% 06-01-2050	2,598,000	2,636	2,106
Province of Alberta 3.90% 12-01-2033	233,000	239	228
Province of British Columbia 2.75% 06-18-2052	1,623,000	1,495	1,222
Province of British Columbia 2.80% 06-18-2048	321,000	276	247
Province of British Columbia 2.95% 06-18-2050	1,360,000	1,284	1,074
Province of British Columbia 3.20% 06-18-2032	620,000	569	581
Province of Ontario 1.05% 09-08-2027	2,484,000	2,372	2,192
Province of Ontario 1.35% 12-02-2030	1,051,000	940	865
Province of Ontario 1.85% 02-01-2027	1,001,000	1,013	926
Province of Ontario 1.90% 12-02-2051	3,645,000	2,903	2,224
Province of Ontario 2.05% 06-02-2030	890,000	797	782
Province of Ontario 2.25% 12-02-2031	2,493,000	2,333	2,163
Province of Ontario 3.45% 06-02-2045	4,905,000	5,307	4,281
Province of Ontario 3.50% 06-02-2043	3,936,000	4,308	3,486
Province of Ontario 3.75% 06-02-2032	2,472,000	2,441	2,416
Province of Ontario 4.70% 06-02-2037	1,325,000	1,534	1,382
Province of Quebec 1.50% 09-01-2031	2,399,000	2,067	1,963
Province of Quebec 3.10% 12-01-2051	3,466,000	3,618	2,809

Balanced Fund (BG) SF552

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Provincial Government (continued)			
Province of Quebec 3.50% 12-01-2045	3,673,000	3,932	3,236
Province of Quebec 3.50% 12-01-2048	355,000	433	311
Province of Quebec 5.00% 12-01-2041	2,335,000	3,115	2,535
Province of Saskatchewan 5.80% 09-05-2033	13,000	18	15
Total Provincial Government		49,706	42,458
Municipal Government			
City of Montreal 2.30% 09-01-2029	947,000	885	849
City of Toronto 1.60% 12-02-2030	537,000	490	450
City of Toronto 3.25% 06-24-2046	1,310,000	1,357	1,048
Total Municipal Government		2,732	2,347
Corporate - Non-convertible			
Alectra Inc. 5.225% 11-14-2052	17,000	17	18
AltaGas Ltd. 2.157% 06-10-2025	835,000	846	777
AltaLink LP 3.717% 12-03-2046	200,000	220	167
ARC Resources Ltd. 2.354% 03-10-2026	1,081,000	1,081	990
Bank of Montreal 1.758% 03-10-2026	573,000	557	520
Bank of Montreal 2.85% 03-06-2024	1,495,000	1,547	1,455
Bell Canada Inc. 5.85% 11-10-2032	167,000	167	175
Brookfield Infrastructure Partners 3.315% 02-22-2024	152,000	149	148
Calgary Airport Authority 3.199% 10-07-2036	322,000	305	267
Calgary Airport Authority 3.754% 10-07-2061	297,672	298	250
Canadian Imperial Bank of Commerce 1.70% 07-15-2026	460,000	461	412
Canadian Imperial Bank of Commerce 2.25% 01-07-2027	676,000	659	609
Canadian Imperial Bank of Commerce 3.29% 01-15-2024	1,461,000	1,513	1,433
Canadian Imperial Bank of Commerce 4.20% 04-07-2032	442,000	435	418
Canadian Imperial Bank of Commerce 4.95% 06-29-2027	504,000	503	503
Canadian Imperial Bank of Commerce 5.05% 10-07-2027	380,000	379	380
Canadian Imperial Bank of Commerce 7.15% 07-28-2082	215,000	215	211
CDP Financial Inc. 3.80% 06-02-2027	643,000	643	640
CDP Financial Inc. 3.95% 09-01-2029	1,529,000	1,526	1,528
Cenovus Energy Inc. 3.50% 02-07-2028	151,000	148	143
CPPIB Capital Inc. 3.95% 09-08-2025	817,000	817	814
CU Inc. 3.174% 09-05-2051	282,000	278	207

Balanced Fund (BG) SF552

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
CU Inc. 4.947% 11-15-2050	61,000	85	61
Enbridge Gas Distribution Inc. 4.95% 11-22-2050	467,000	553	464
Enbridge Gas Distribution Inc. 7.60% 10-29-2026	252,000	317	275
Enbridge Gas Inc. 3.65% 04-01-2050	943,000	919	757
Enbridge Inc. 3.10% 09-21-2033	787,000	729	638
Enbridge Inc. 6.625% 04-12-2078	488,000	528	470
Enbridge Inc. 6.90% 11-15-2032	161,000	212	184
Enbridge Pipelines Inc. 4.20% 05-12-2051	360,000	334	282
Enbridge Pipelines Inc. 6.05% 02-12-2029	251,000	292	258
Enbridge Pipelines Inc. 6.35% 11-17-2023	645,000	685	647
Equitable Bank 1.983% 05-09-2024	507,000	507	481
Federation des Caisses Desjardins du Quebec 5.20% 10-01-2025	476,000	476	478
Ford Auto Securitization Trust 1.162% 10-15-2025	170,790	165	166
FortisAlberta Inc. 2.632% 06-08-2051	405,000	338	263
FortisAlberta Inc. 3.734% 09-18-2048	508,000	529	418
FortisBC Energy Inc. 2.54% 07-13-2050	573,000	464	373
FortisBC Energy Inc. 5.90% 02-26-2035	359,000	423	387
FortisBC Energy Inc. 6.00% 10-02-2037	185,000	254	204
Government of Canada 2.50% 12-01-2032	3,400,000	3,265	3,172
Greater Toronto Airports Authority 3.15% 10-05-2051	474,000	404	354
HSBC Bank Canada 4.81% 12-16-2024	1,325,000	1,325	1,320
Hydro One Inc. 3.10% 09-15-2051	223,000	223	163
Inter Pipeline Ltd. 3.983% 11-25-2031	37,000	37	32
Inter Pipeline Ltd. 5.76% 02-17-2028	981,000	988	993
Inter Pipeline Ltd. 5.849% 05-18-2032	528,000	522	525
Interprovincial Pipe Line Ltd. 8.20% 02-15-2024	195,000	224	200
John Deere Financial Inc. 2.31% 06-20-2025	350,000	350	330
Lower Mattagami Energy LP 2.433% 05-14-2031	69,000	69	59
Manulife Bank of Canada 1.337% 02-26-2026	618,000	615	552
Morgan Stanley Floating Rate 03-21-2025	345,000	345	338
NOVA Gas Transmission Ltd. 6.59% 12-01-2027	41,000	52	43
Nova Scotia Power Inc. 6.95% 08-25-2033	218,000	311	244
OMERS Finance Trust 1.55% 04-21-2027	548,000	552	497
Ontario Teachers' Finance Trust 1.10% 10-19-2027	949,000	933	829
Pembina Pipeline Corp. 2.99% 01-22-2024	182,000	188	178
Penske Truck Leasing Canada Inc. 5.44% 12-08-2025	225,000	225	226
Primaris REIT 4.267% 03-30-2025	370,000	370	356

Balanced Fund (BG) SF552

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
PSP Capital Inc. 0.90% 06-15-2026	2,189,000	2,125	1,973
PSP Capital Inc. 1.50% 03-15-2028	258,000	250	229
Royal Bank of Canada 2.352% 07-02-2024	561,000	578	539
Royal Bank of Canada 2.88% 12-23-2029	436,000	424	413
Royal Bank of Canada 3.369% 09-29-2025	2,107,000	2,085	2,020
Royal Bank of Canada 4.00% 02-24-2081	183,000	187	159
Royal Bank of Canada 4.50% 11-24-2080	1,387,000	1,432	1,284
Royal Bank of Canada 5.235% 11-02-2026	734,000	734	740
Stantec Inc. 2.048% 10-08-2027	265,000	244	232
Sun Life Financial Inc. 2.46% 11-18-2031	501,000	489	449
Sun Life Financial Inc. 2.80% 11-21-2033	524,000	501	458
TELUS Corp. 5.00% 09-13-2029	252,000	251	252
The Bank of Nova Scotia 1.85% 11-02-2026	1,275,000	1,247	1,138
The Bank of Nova Scotia 1.95% 01-10-2025	998,000	998	938
The Bank of Nova Scotia 2.38% 05-01-2023	140,000	143	139
The Bank of Nova Scotia 7.023% 07-27-2082	974,000	970	952
The Consumers Gas Co. Ltd. 9.85% 12-02-2024	70,000	81	76
The Toronto-Dominion Bank 2.26% 01-07-2027	555,000	554	501
The Toronto-Dominion Bank 2.667% 09-09-2025	449,000	439	423
The Toronto-Dominion Bank 3.105% 04-22-2030	1,700,000	1,754	1,611
The Toronto-Dominion Bank 3.589% 09-14-2028	855,000	891	843
The Toronto-Dominion Bank 4.21% 06-01-2027	944,000	944	917
The Toronto-Dominion Bank 4.68% 01-08-2029	2,223,000	2,223	2,190
The Toronto-Dominion Bank 5.376% 10-21-2027	914,000	914	930
The Toronto-Dominion Bank 7.283% 10-31-2082	808,000	811	803
Toronto-Dominion Bank 4.34% 01-27-2026	2,776,000	2,776	2,722
TransCanada PipeLines Ltd. 7.31% 01-15-2027	131,000	160	139
TransCanada PipeLines Ltd. 7.90% 04-15-2027	30,000	37	33
TransCanada PipeLines Ltd. 8.20% 08-15-2031	334,000	468	390
TransCanada PipeLines Ltd. 8.21% 04-25-2030	233,000	333	264
TransCanada PipeLines Ltd. 8.29% 02-05-2026	1,415,000	1,728	1,524
Union Gas Ltd. 3.59% 11-22-2047	310,000	289	247
Union Gas Ltd. 8.65% 11-10-2025	69,000	93	75
Vancouver Airport Fuel Facilities Corp. 2.168% 06-23-2025	1,066,000	1,009	994
Westcoast Energy Inc. 7.15% 03-20-2031	265,000	331	291
Westcoast Energy Inc. 7.30% 12-18-2026	1,806,000	2,228	1,914

Balanced Fund (BG) SF552

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
WSP Global Inc. 2.408% 04-19-2028	257,000	249	226
Total Corporate - Non-convertible		62,542	58,310
Total Canadian Bonds		153,801	140,786
United States Bonds			
Corporate - Non-convertible			
Bank of America Corp. 1.978% 09-15-2027	203,000	204	181
The Goldman Sachs Group Inc. 2.599% 11-30-2027	570,000	554	516
Verizon Communications Inc. 2.375% 03-22-2028	867,000	870	771
Verizon Communications Inc. 2.50% 05-16-2030	609,000	579	516
Total Corporate - Non-convertible		2,207	1,984
Total United States Bonds		2,207	1,984
Global Bonds			
Australia			
Macquarie Group Ltd. 2.723% 08-21-2029	158,000	158	134
France			
BNP Paribas SA 2.538% 07-13-2029	1,010,000	947	851
Jersey			
Heathrow Funding Ltd. 2.694% 10-13-2027	1,437,000	1,432	1,283
Heathrow Funding Ltd. 3.726% 04-13-2033	451,000	410	381
United Kingdom			
National Grid Electricity Transmission PLC 2.301% 06-22-2029	1,635,000	1,555	1,393
Total Global Bonds		4,502	4,042
Total Bonds		160,510	146,812

Balanced Fund (BG) SF552

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock			
Communication Services			
Quebecor Media Inc. Class B sub. voting	127,050	3,846	3,837
Rogers Communications Inc. Class B non-voting	126,780	7,827	8,034
TELUS Corp.	72,260	1,970	1,888
Consumer Discretionary			
BRP Inc.	41,830	4,151	4,318
Canadian Tire Corp. Ltd. Class A non-voting	25,740	4,221	3,642
Magna International Inc.	95,750	8,044	7,283
Restaurant Brands International Inc.	103,790	7,841	9,089
Consumer Staples			
Alimentation Couche-Tard Inc.	110,430	5,181	6,571
George Weston Ltd.	22,920	2,834	3,850
Loblaw Companies Ltd.	10,000	850	1,197
Metro Inc.	62,900	3,882	4,716
Saputo Inc.	165,860	5,596	5,560
Energy			
Hydro One Ltd.	43,520	1,276	1,578
Suncor Energy Inc.	161,790	5,695	6,949
TC Energy Corp.	151,910	9,215	8,200
Financials			
Bank of Montreal	59,390	7,220	7,285
Brookfield Asset Management Inc. Class A	40,540	1,743	1,572
Brookfield Corp.	161,630	7,881	6,882
Manulife Financial Corp.	294,510	7,334	7,112
Royal Bank of Canada	130,230	16,054	16,579
Sun Life Financial Inc.	121,460	7,545	7,634
The Bank of Nova Scotia	42,510	3,076	2,820
The Toronto-Dominion Bank	159,870	13,107	14,016
Industrials			
CAE Inc.	148,320	4,659	3,885
Canadian National Railway Co.	52,580	7,541	8,457
Canadian Pacific Railway Ltd.	60,690	5,489	6,127
Ritchie Bros. Auctioneers Inc.	70,580	5,477	5,520

Balanced Fund (BG) SF552

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock (continued)			
Information Technology			
CGI Group Inc. Class A sub. voting	35,090	3,675	4,095
Open Text Corp.	120,780	6,523	4,846
Materials			
CCL Industries Inc. Class B non-voting	86,900	5,080	5,026
Franco-Nevada Corp.	10,100	1,724	1,864
Nutrien Ltd.	43,350	3,478	4,285
Utilities			
Fortis Inc.	112,600	6,314	6,101
Total Canadian Common Stock		186,349	190,818
United States Common Stock			
Communication Services			
Comcast Corp. Class A	69,920	4,131	3,310
Omnicom Group Inc.	63,560	5,863	7,019
The Interpublic Group of Companies Inc.	103,060	4,452	4,647
Consumer Discretionary			
eBay Inc.	66,640	4,803	3,741
Gentex Corp.	75,800	3,198	2,799
Harley-Davidson Inc.	108,400	5,165	6,105
Polaris Inc.	31,320	4,823	4,282
Tempur Sealy International Inc.	66,670	2,374	3,098
Consumer Staples			
Campbell Soup Co.	74,740	4,460	5,742
Kellogg Co.	56,700	4,750	5,468
Kimberly-Clark Corp.	31,920	5,439	5,866
Financials			
American Express Co.	23,430	4,442	4,686
Ameriprise Financial Inc.	9,320	2,810	3,928
BlackRock Inc.	4,780	3,954	4,585
SEI Investments Co.	58,080	4,299	4,584
The Carlyle Group Inc.	60,530	2,658	2,445

Balanced Fund (BG) SF552

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock (continued)			
Health Care			
AmerisourceBergen Corp.	14,410	2,215	3,233
Amgen Inc.	18,330	5,480	6,517
Biogen Inc.	14,110	4,809	5,289
Merck & Co. Inc.	29,550	3,067	4,438
Industrials			
Cummins Inc.	13,080	3,588	4,290
Flowserve Corp.	97,060	4,287	4,031
Masco Corp.	62,810	4,101	3,968
MillerKnoll Inc.	81,050	3,943	2,305
Parker Hannifin Corp.	5,470	1,870	2,155
Wabtec Corp.	35,140	3,614	4,748
Information Technology			
Gen Digital Inc.	171,060	5,245	4,963
NetApp Inc.	52,840	4,870	4,296
Qualcomm Inc.	28,500	4,536	4,242
Materials			
PPG Industries Inc.	5,820	993	991
Total United States Common Stock		120,239	127,771
Global Common Stock			
Guernsey			
Amdocs Ltd.	54,470	5,305	6,703
Total Global Common Stock		5,305	6,703
Total Stocks		311,893	325,292
Transaction Costs (note 2)		(79)	
Total Investments		472,324	472,104

Balanced Fund (BG) SF552

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Balanced Fund (BG) SF552 (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

Balanced Fund (BG) SF552

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2022 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2022					
Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders	
United States Dollar	\$ 134,474	\$ 29	\$ 134,503	\$	1,345
Total	\$ 134,474	\$ 29	\$ 134,503	\$	1,345
As Percent of Net Assets Attributable to Contractholders				27.4%	0.3%

**Includes both monetary and non-monetary instruments*

2021					
Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders	
United States Dollar	\$ 102,442	\$ 20	\$ 102,462	\$	1,025
Total	\$ 102,442	\$ 20	\$ 102,462	\$	1,025
As Percent of Net Assets Attributable to Contractholders				27.0%	0.3%

**Includes both monetary and non-monetary instruments*

D. Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Due to the nature of short-term fixed income securities with a remaining term-to-maturity of less than one year, these investments are not generally exposed to a significant risk that their value will fluctuate in response to changes in the prevailing levels of market interest rates. The risk is professionally managed at the security and fund level by the Company.

The table below summarizes the Fund's exposure to interest rate risk by remaining term-to-maturity.

2022						
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total	
Bonds	\$ 4,652	\$ 41,478	\$ 57,820	\$ 42,862	\$	146,812

2021						
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total	
Bonds	\$ 202	\$ 38,073	\$ 38,464	\$ 38,548	\$	115,287

Balanced Fund (BG) SF552

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

D. Interest Rate Risk (continued)

As at December 31, 2022, had prevailing interest rates increased or decreased by 1% assuming a parallel shift in the yield curve, with all other variables held constant, net assets attributable to contractholders would have decreased or increased, respectively, by approximately \$11,732 (\$9,595 at December 31, 2021) or approximately 2.4% (2.5% at December 31, 2021). The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual results may differ and the difference could be significant.

E. Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt instruments includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt instruments represents the maximum credit risk exposure as at December 31, 2022. The amount of credit risk to any one issuer may be determined from the information reported in the Schedule of Investment Portfolio. The Fund may invest in short-term fixed income securities issued or guaranteed primarily by the Government of Canada or any Canadian provincial government, obligations of Canadian chartered banks or trust companies, and commercial paper with approved credit ratings. The risk of default on these short-term fixed income securities is considered low. The Company monitors credit risk and credit ratings on a regular basis. All new counterparties to financial instruments are subject to an approval process.

There was no change in fair values of financial liabilities as a result of changes in credit risks during 2022 or 2021.

All transactions in listed securities are settled and paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Credit ratings disclosed below are obtained from independent rating agencies including DBRS, Standard & Poor's, Moody's Investors Service and Fitch Ratings. The lowest rating provided by the agencies is used.

Debt securities by credit rating are as follows:

	2022		2021	
	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)
AAA	4.0	1.2	1.9	0.6
AA	38.9	11.6	22.1	6.7
A	41.6	12.4	51.5	15.7
BBB	15.5	4.6	24.3	7.4
BB and lower	—	—	0.2	0.1
Total	100.0	29.8	100.0	30.5

Balanced Fund (BG) SF552

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

F. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2022, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$3,253 (\$2,556 at December 31, 2021) or approximately 0.7% (0.7% at December 31, 2021) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

G. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

<u>Assets measured at fair value</u>	2022			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Bonds	\$ —	\$ 146,812	\$ —	\$ 146,812
Stocks	325,292	—	—	325,292
Total assets measured at fair value	\$ 325,292	\$ 146,812	\$ —	\$ 472,104

<u>Assets measured at fair value</u>	2021			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Bonds	\$ —	\$ 115,287	\$ —	\$ 115,287
Stocks	255,569	—	—	255,569
Total assets measured at fair value	\$ 255,569	\$ 115,287	\$ —	\$ 370,856

There were no significant transfers between Level 1 and Level 2 during 2022 or 2021.

Balanced Fund (BG) SF552

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category ⁽¹⁾

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	4,939,779	3,600,465	1,888,135	601,662	—	54,950	41,752	19,876	6,059	—
75/100 guarantee policy	20,914,351	14,751,534	7,200,584	1,566,325	—	231,028	170,251	75,605	15,767	—
100/100 guarantee policy	388,775	316,769	151,312	33,894	—	4,274	3,644	1,586	341	—
PS1 75/75 guarantee policy	2,886,868	1,746,882	804,071	187,575	—	32,471	20,411	8,498	1,890	—
PS1 75/100 guarantee policy	9,133,416	7,890,737	2,623,094	519,254	—	102,192	91,866	27,670	5,230	—
PS1 100/100 guarantee policy	200,814	142,152	50,012	19,063	—	2,231	1,647	526	192	—
PS2 75/75 guarantee policy	350,412	344,828	274,643	160,638	—	4,242	4,236	2,981	1,624	—
PS2 75/100 guarantee policy	1,762,044	1,435,355	699,232	242,107	—	21,331	17,632	7,590	2,448	—
PS 75/75 guarantee policy	269,469	177,298	100,874	38,687	—	3,105	2,106	1,075	390	—
PS 75/100 guarantee policy	1,909,066	1,415,521	463,030	79,391	—	21,839	16,731	4,924	801	—
PPS 75/75 guarantee policy	512,041	352,276	108,855	26,303	—	5,965	4,215	1,165	266	—
PPS 75/100 guarantee policy	700,343	409,428	226,700	43,200	—	8,115	4,882	2,422	436	—
PPS 100/100 guarantee policy	898	—	—	—	—	10	—	—	—	—

Net Assets Attributable to Contractholders Per Unit ⁽¹⁾ (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	11.12	11.60	10.53	10.07	—	(0.48)	1.07
75/100 guarantee policy	11.05	11.54	10.50	10.07	—	(0.49)	1.04
100/100 guarantee policy	10.99	11.50	10.48	10.06	—	(0.51)	1.02
PS1 75/75 guarantee policy	11.25	11.68	10.57	10.08	—	(0.43)	1.11
PS1 75/100 guarantee policy	11.19	11.64	10.55	10.07	—	(0.45)	1.09
PS1 100/100 guarantee policy	11.11	11.59	10.52	10.07	—	(0.48)	1.07
PS2 75/75 guarantee policy	12.11	12.28	10.85	10.11	—	(0.17)	1.43
PS2 75/100 guarantee policy	12.11	12.28	10.85	10.11	—	(0.17)	1.43
PS 75/75 guarantee policy	11.52	11.88	10.66	10.09	—	(0.36)	1.22
PS 75/100 guarantee policy	11.44	11.82	10.63	10.08	—	(0.38)	1.19
PPS 75/75 guarantee policy	11.65	11.97	10.70	10.09	—	(0.32)	1.27
PPS 75/100 guarantee policy	11.59	11.92	10.68	10.09	—	(0.33)	1.24
PPS 100/100 guarantee policy	11.50	—	—	—	—	(0.36)	—

⁽¹⁾ The Fund commenced on November 4, 2019 and as a result does not have comparative figures for the prior year.

Balanced Fund (BG) SF552

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Balanced Fund (BG) SF552

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Balanced Fund (BG) SF552

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Balanced Fund (BG) SF552

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Bonds and Stocks

Bonds and stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Balanced Fund (BG) SF552

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Interest income on debt securities - included in the change in fair value of such investments and recorded on the accrual basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Balanced Fund (BG) SF552

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes dividend income, interest income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Balanced Fund (BG) SF552

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Balanced Fund (BG) SF552

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

The NAV per unit for group contractholders has not been shown because it will vary for each sub-class within the group contractholder class based on negotiated expense levels and other factors.

Balanced Fund (BG) SF552

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.

Balanced Fund (BG) SF552

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.69	2.68	2.64	2.65	—
75/100 guarantee policy	2.91	2.91	2.85	2.87	—
100/100 guarantee policy	3.07	3.06	3.01	3.02	—
PS1 75/75 guarantee policy	2.33	2.33	2.29	2.30	—
PS1 75/100 guarantee policy	2.51	2.49	2.45	2.47	—
PS1 100/100 guarantee policy	2.73	2.74	2.68	2.69	—
PS 75/75 guarantee policy	1.57	1.57	1.55	1.55	—
PS 75/100 guarantee policy	1.80	1.79	1.76	1.77	—
PPS 75/75 guarantee policy	1.22	1.22	1.20	1.21	—
PPS 75/100 guarantee policy	1.39	1.39	1.36	1.37	—
PPS 100/100 guarantee policy	1.61	—	—	—	—

Portfolio Turnover Rate (%) ⁽²⁾⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	47.03	63.21	94.47	2.26	—

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

(3) The Fund commenced on November 4, 2019 and as a result does not have comparative figures for the prior year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
CANADIAN EQUITY FUND (BG) SF553

December 31, 2022

Independent Auditor's Report

To the Contractholders of Canadian Equity Fund (BG) SF553 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Canadian Equity Fund (BG) SF553

(in Canadian \$ thousands)

Fund Manager: Beutel, Goodman & Company Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 6,690	\$ 2,081
Investment income due and accrued	342	217
Due from The Canada Life Assurance Company (note 7)	212	241
Due from brokers	6	102
Due from outside parties	—	—
Investments		
Bonds	—	—
Stocks	192,332	112,896
Investment fund units	—	—
Total investments	192,332	112,896
Total assets	\$ 199,582	\$ 115,537
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	—	—
Due to brokers	2,451	47
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	2,451	47
Net assets attributable to contractholders	\$ 197,131	\$ 115,490

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ 3,418	\$ 11,413
Miscellaneous income (loss)	(1)	(34)
Total income (loss)	3,417	11,379
Expenses		
Management fees (note 7)	3,242	1,422
Transaction costs	50	29
Withholding taxes	142	54
Other	376	165
Total expenses	3,810	1,670
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (393)	\$ 9,709

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year		
Contractholder deposits	\$ 95,443	\$ 81,855
Contractholder withdrawals	(13,409)	(6,249)
Increase (decrease) in net assets from operations attributable to contractholders	(393)	9,709
Change in net assets attributable to contractholders	81,641	85,315
Net assets attributable to contractholders - end of year	\$ 197,131	\$ 115,490

Canadian Equity Fund (BG) SF553

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (393)	\$ 9,709
Adjustments		
Realized (gains) losses	(3,300)	(3,170)
Unrealized (gains) losses	4,203	(6,458)
Gross proceeds of disposition of investments	34,141	14,653
Gross payments for the purchase of investments	(114,480)	(88,785)
Change in investment income due and accrued	(125)	(167)
Change in due from/to The Canada Life Assurance Company	29	(192)
Change in due from/to brokers	2,500	(415)
Change in due from/to outside parties	—	—
	<u>(77,425)</u>	<u>(74,825)</u>
Financing Activities		
Contractholder deposits	95,443	81,855
Contractholder withdrawals	(13,409)	(6,249)
	<u>82,034</u>	<u>75,606</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	4,609	781
Cash, short-term deposits and overdrafts, beginning of year	2,081	1,300
Cash, short-term deposits and overdrafts, end of year	<u>\$ 6,690</u>	<u>\$ 2,081</u>
Supplementary cash flow information		
Dividend income received	\$ 4,126	\$ 1,614

Canadian Equity Fund (BG) SF553

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Common Stock			
Communication Services			
Quebecor Media Inc. Class B sub. voting	93,560	2,787	2,826
Rogers Communications Inc. Class B non-voting	93,360	5,742	5,916
TELUS Corp.	53,205	1,481	1,390
Consumer Discretionary			
BRP Inc.	30,795	3,035	3,179
Canadian Tire Corp. Ltd. Class A non-voting	18,950	3,191	2,681
Magna International Inc.	70,510	6,014	5,363
Restaurant Brands International Inc.	76,430	5,783	6,693
Consumer Staples			
Alimentation Couche-Tard Inc.	81,315	4,029	4,838
George Weston Ltd.	16,880	2,241	2,836
Loblaw Companies Ltd.	7,305	673	875
Metro Inc.	46,320	2,958	3,473
Saputo Inc.	122,135	4,028	4,094
Energy			
Hydro One Ltd.	32,050	991	1,162
Suncor Energy Inc.	119,135	4,326	5,117
TC Energy Corp.	111,870	6,873	6,039
Financials			
Bank of Montreal	43,735	5,464	5,365
Brookfield Asset Management Inc. Class A	29,846	1,318	1,157
Brookfield Corp.	119,025	5,964	5,068
Manulife Financial Corp.	216,870	5,361	5,237
Royal Bank of Canada	95,900	12,185	12,207
Sun Life Financial Inc.	89,445	5,630	5,622
The Bank of Nova Scotia	31,300	2,287	2,076
The Toronto-Dominion Bank	117,720	9,960	10,321
Industrials			
CAE Inc.	109,225	3,434	2,861
Canadian National Railway Co.	38,720	5,733	6,228
Canadian Pacific Railway Ltd.	44,690	4,151	4,511
Ritchie Bros. Auctioneers Inc.	51,970	4,070	4,065

Canadian Equity Fund (BG) SF553

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Common Stock (continued)			
Information Technology			
CGI Group Inc. Class A sub. voting	25,835	2,721	3,015
Open Text Corp.	88,940	4,690	3,568
Materials			
CCL Industries Inc. Class B non-voting	63,995	3,906	3,701
Franco-Nevada Corp.	7,440	1,290	1,373
Nutrien Ltd.	31,925	2,815	3,156
Utilities			
Fortis Inc.	82,920	4,677	4,493
Total Canadian Common Stock		139,808	140,506
United States Common Stock			
Communication Services			
Comcast Corp. Class A	26,950	1,567	1,276
Omnicom Group Inc.	24,490	2,271	2,704
The Interpublic Group of Companies Inc.	39,725	1,681	1,791
Consumer Discretionary			
eBay Inc.	25,685	1,823	1,442
Gentex Corp.	29,215	1,196	1,079
Harley-Davidson Inc.	41,775	2,013	2,353
Polaris Inc.	12,075	1,803	1,651
Tempur Sealy International Inc.	25,695	902	1,194
Consumer Staples			
Campbell Soup Co.	28,805	1,706	2,213
Kellogg Co.	21,850	1,838	2,107
Kimberly-Clark Corp.	12,300	2,079	2,260
Financials			
American Express Co.	9,025	1,770	1,805
Ameriprise Financial Inc.	3,590	1,172	1,513
BlackRock Inc.	1,845	1,529	1,770
SEI Investments Co.	22,385	1,661	1,767
The Carlyle Group Inc.	23,325	1,021	942

Canadian Equity Fund (BG) SF553

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
United States Common Stock (continued)			
Health Care			
AmerisourceBergen Corp.	5,555	916	1,246
Amgen Inc.	7,060	2,109	2,510
Biogen Inc.	5,440	1,751	2,039
Merck & Co. Inc.	11,390	1,208	1,711
Industrials			
Cummins Inc.	5,045	1,404	1,655
Flowserve Corp.	37,410	1,610	1,554
Masco Corp.	24,205	1,578	1,529
MillerKnoll Inc.	31,240	1,428	889
Parker Hannifin Corp.	2,105	735	829
Wabtec Corp.	13,540	1,468	1,829
Information Technology			
Gen Digital Inc.	65,925	2,034	1,913
NetApp Inc.	20,365	1,868	1,656
Qualcomm Inc.	10,980	1,746	1,634
Materials			
PPG Industries Inc.	2,245	393	382
Total United States Common Stock		46,280	49,243
Global Common Stock			
Guernsey			
Amdocs Ltd.	20,990	2,091	2,583
Total Global Common Stock		2,091	2,583
Total Stocks		188,179	192,332
Transaction Costs (note 2)		(53)	
Total Investments		188,126	192,332

Canadian Equity Fund (BG) SF553

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Canadian Equity Fund (BG) SF553 (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

Canadian Equity Fund (BG) SF553

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2022 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2022

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 51,826	\$ 21	\$ 51,847	\$ 518
Total	\$ 51,826	\$ 21	\$ 51,847	\$ 518
As Percent of Net Assets Attributable to Contractholders			26.3%	0.3%

*Includes both monetary and non-monetary instruments

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 29,442	\$ 10	\$ 29,452	\$ 295
Total	\$ 29,442	\$ 10	\$ 29,452	\$ 295
As Percent of Net Assets Attributable to Contractholders			25.5%	0.3%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2022, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$1,923 (\$1,129 at December 31, 2021) or approximately 1.0% (1.0% at December 31, 2021) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

Canadian Equity Fund (BG) SF553

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

<u>Assets measured at fair value</u>	2022			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 192,332	\$ —	\$ —	\$ 192,332
Total assets measured at fair value	\$ 192,332	\$ —	\$ —	\$ 192,332

<u>Assets measured at fair value</u>	2021			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 112,896	\$ —	\$ —	\$ 112,896
Total assets measured at fair value	\$ 112,896	\$ —	\$ —	\$ 112,896

There were no significant transfers between Level 1 and Level 2 during 2022 or 2021.

Canadian Equity Fund (BG) SF553

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category ⁽¹⁾

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	2,183,981	1,282,657	517,693	136,341	—	26,200	15,527	5,260	1,368	—
75/100 guarantee policy	4,567,391	2,558,303	825,893	108,145	—	54,430	30,830	8,371	1,085	—
100/100 guarantee policy	120,706	57,909	21,743	—	—	1,421	692	219	—	—
PS1 75/75 guarantee policy	1,420,602	1,014,218	293,368	74,112	—	17,262	12,385	2,994	744	—
PS1 75/100 guarantee policy	4,730,315	2,482,206	656,270	182,118	—	57,078	30,168	6,682	1,828	—
PS1 100/100 guarantee policy	71,221	53,677	380	—	—	850	648	4	—	—
PS2 75/75 guarantee policy	811,683	435,337	188,395	42,901	—	10,633	5,596	1,976	433	—
PS2 75/100 guarantee policy	712,965	486,896	216,536	83,853	—	9,339	6,258	2,271	845	—
PS 75/75 guarantee policy	215,424	153,090	45,098	9,249	—	2,676	1,898	464	93	—
PS 75/100 guarantee policy	254,488	163,484	56,381	12,766	—	3,141	2,018	579	128	—
PS 100/100 guarantee policy	1,565	1,573	—	—	—	19	19	—	—	—
PPS 75/75 guarantee policy	479,969	348,887	70,674	32,442	—	6,040	4,363	731	327	—
PPS 75/100 guarantee policy	623,416	399,650	60,130	21,976	—	7,790	4,974	620	221	—
PPS 100/100 guarantee policy	20,384	9,194	354	—	—	252	114	4	—	—

Net Assets Attributable to Contractholders Per Unit ⁽¹⁾ (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	12.00	12.11	10.16	10.04	—	(0.11)	1.95
75/100 guarantee policy	11.92	12.05	10.14	10.03	—	(0.13)	1.91
100/100 guarantee policy	11.78	11.95	10.09	—	—	(0.17)	1.86
PS1 75/75 guarantee policy	12.15	12.21	10.21	10.04	—	(0.06)	2.00
PS1 75/100 guarantee policy	12.07	12.15	10.18	10.04	—	(0.08)	1.97
PS1 100/100 guarantee policy	11.94	12.07	10.14	—	—	(0.13)	1.93
PS2 75/75 guarantee policy	13.10	12.85	10.49	10.08	—	0.25	2.36
PS2 75/100 guarantee policy	13.10	12.85	10.49	10.08	—	0.25	2.36
PS 75/75 guarantee policy	12.42	12.40	10.29	10.05	—	0.02	2.11
PS 75/100 guarantee policy	12.34	12.34	10.26	10.05	—	—	2.08
PS 100/100 guarantee policy	12.19	12.24	—	—	—	(0.05)	2.02
PPS 75/75 guarantee policy	12.58	12.51	10.34	10.06	—	0.07	2.17
PPS 75/100 guarantee policy	12.50	12.45	10.31	10.06	—	0.05	2.14
PPS 100/100 guarantee policy	12.37	12.36	10.27	—	—	0.01	2.09

⁽¹⁾ The Fund commenced on November 4, 2019 and as a result does not have comparative figures for the prior year.

Canadian Equity Fund (BG) SF553

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Canadian Equity Fund (BG) SF553

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Canadian Equity Fund (BG) SF553

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Canadian Equity Fund (BG) SF553

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) **Stocks**

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

d) **Cash, Short-term Deposits and Overdrafts**

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Canadian Equity Fund (BG) SF553

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Canadian Equity Fund (BG) SF553

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Canadian Equity Fund (BG) SF553

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Canadian Equity Fund (BG) SF553

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

The NAV per unit for group contractholders has not been shown because it will vary for each sub-class within the group contractholder class based on negotiated expense levels and other factors.

Canadian Equity Fund (BG) SF553

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.

Canadian Equity Fund (BG) SF553

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.79	2.79	2.75	2.76	—
75/100 guarantee policy	3.02	3.02	2.95	2.97	—
100/100 guarantee policy	3.40	3.40	3.34	—	—
PS1 75/75 guarantee policy	2.39	2.40	2.35	2.36	—
PS1 75/100 guarantee policy	2.62	2.62	2.56	2.58	—
PS1 100/100 guarantee policy	2.94	2.96	2.91	—	—
PS 75/75 guarantee policy	1.68	1.68	1.65	1.66	—
PS 75/100 guarantee policy	1.89	1.89	1.86	1.87	—
PS 100/100 guarantee policy	2.28	2.28	—	—	—
PPS 75/75 guarantee policy	1.28	1.27	1.26	1.26	—
PPS 75/100 guarantee policy	1.50	1.49	1.47	1.48	—
PPS 100/100 guarantee policy	1.82	1.84	1.81	—	—

Portfolio Turnover Rate (%) ⁽²⁾⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	22.72	22.45	27.09	0.13	—

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

(3) The Fund commenced on November 4, 2019 and as a result does not have comparative figures for the prior year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
CANADIAN LOW VOL EQUITY FUND (LC) SF554

December 31, 2022

Independent Auditor's Report

To the Contractholders of Canadian Low Vol Equity Fund (LC) SF554 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Canadian Low Vol Equity Fund (LC) SF554

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 48	\$ 42
Investment income due and accrued	52	40
Due from The Canada Life Assurance Company (note 7)	12	8
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	—	—
Stocks	19,757	14,335
Investment fund units	—	—
Total investments	19,757	14,335
Total assets	\$ 19,869	\$ 14,425
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	—	—
Due to brokers	41	12
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	41	12
Net assets attributable to contractholders	\$ 19,828	\$ 14,413

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (117)	\$ 2,043
Miscellaneous income (loss)	6	—
Total income (loss)	(111)	2,043
Expenses		
Management fees (note 7)	138	97
Transaction costs	25	20
Withholding taxes	—	—
Other	16	12
Total expenses	179	129
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (290)	\$ 1,914

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 14,413	\$ 5,628
Contractholder deposits	7,883	9,531
Contractholder withdrawals	(2,178)	(2,660)
Increase (decrease) in net assets from operations attributable to contractholders	(290)	1,914
Change in net assets attributable to contractholders	5,415	8,785
Net assets attributable to contractholders - end of year	\$ 19,828	\$ 14,413

Canadian Low Vol Equity Fund (LC) SF554

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (290)	\$ 1,914
Adjustments		
Realized (gains) losses	(146)	(615)
Unrealized (gains) losses	830	(1,143)
Gross proceeds of disposition of investments	18,220	17,772
Gross payments for the purchase of investments	(24,326)	(25,291)
Change in investment income due and accrued	(12)	(32)
Change in due from/to The Canada Life Assurance Company	(4)	9
Change in due from/to brokers	29	12
Change in due from/to outside parties	—	—
	<u>(5,699)</u>	<u>(7,374)</u>
Financing Activities		
Contractholder deposits	7,883	9,531
Contractholder withdrawals	(2,178)	(2,660)
	<u>5,705</u>	<u>6,871</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	6	(503)
Cash, short-term deposits and overdrafts, beginning of year	42	545
Cash, short-term deposits and overdrafts, end of year	\$ 48	\$ 42
Supplementary cash flow information		
Dividend income received	\$ 555	\$ 253

Canadian Low Vol Equity Fund (LC) SF554

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Common Stock			
Communication Services			
BCE Inc.	8,102	517	482
Cogeco Communications Inc. sub. voting	757	69	58
Quebecor Media Inc. Class B sub. voting	4,092	126	124
Shaw Communications Inc. Class B non-voting	11,217	387	438
TELUS Corp.	7,917	230	207
Consumer Discretionary			
Canadian Tire Corp. Ltd. Class A non-voting	1,008	184	143
Dollarama Inc.	1,800	149	143
Restaurant Brands International Inc.	2,300	174	201
Consumer Staples			
Empire Co. Ltd. Class A non-voting	7,790	300	278
George Weston Ltd.	2,978	376	500
Loblaw Companies Ltd.	8,606	800	1,030
Metro Inc.	7,940	486	595
The North West Company Inc.	1,162	41	41
Energy			
AltaGas Ltd.	4,400	120	103
Canadian Natural Resources Ltd.	2,458	146	185
Enbridge Inc.	6,686	347	354
Enerplus Corp.	1,600	35	38
Hydro One Ltd.	19,070	588	692
Imperial Oil Ltd.	5,530	317	365
Keyera Corp.	2,300	72	68
Parex Resources Inc.	3,780	96	76
Parkland Corp. of Canada	6,484	234	193
Pembina Pipeline Corp.	17,200	861	791
Suncor Energy Inc.	2,250	91	97
TC Energy Corp.	5,508	330	297
Financials			
BMO Low Volatility Canadian Equity ETF	11,282	449	445
Canaccord Genuity Group Inc.	5,734	58	48
Canadian Imperial Bank of Commerce	16,000	1,135	876
Element Fleet Management Corp.	2,240	27	41

Canadian Low Vol Equity Fund (LC) SF554

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Common Stock (continued)			
Financials (continued)			
Fairfax Financial Holdings Ltd. sub. voting	707	418	567
iA Financial Corp. Inc.	2,200	162	174
Intact Financial Corp.	3,322	564	647
Laurentian Bank of Canada	2,722	101	88
Manulife Financial Corp.	8,400	186	203
Onex Corp. sub. voting	1,273	104	83
Royal Bank of Canada	4,708	604	599
Sun Life Financial Inc.	9,866	639	620
The Bank of Nova Scotia	3,600	246	239
The Toronto-Dominion Bank	12,262	1,111	1,075
Thomson Reuters Corp.	3,302	439	510
TMX Group Ltd.	1,321	176	179
Industrials			
Canadian National Railway Co.	6,239	926	1,003
Canadian Pacific Railway Ltd.	770	72	78
Ritchie Bros. Auctioneers Inc.	400	30	31
Russel Metals Inc.	3,142	92	90
Stantec Inc.	1,931	112	125
Toromont Industries Ltd.	1,363	135	133
Waste Connections Inc.	100	17	18
Information Technology			
CGI Group Inc. Class A sub. voting	3,082	338	360
Constellation Software Inc.	140	249	296
Open Text Corp.	4,841	249	194
The Descartes Systems Group Inc.	1,000	92	94
Materials			
Agnico Eagle Mines Ltd.	1,200	83	84
Barrick Gold Corp.	41,056	1,000	953
Canfor Corp.	780	21	17
CCL Industries Inc. Class B non-voting	1,300	83	75
Dundee Precious Metals Inc.	3,833	29	25
Franco-Nevada Corp.	2,202	371	406
Interfor Corp.	2,012	67	42
Methanex Corp.	400	25	21

Canadian Low Vol Equity Fund (LC) SF554

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock (continued)			
Materials (continued)			
Nutrien Ltd.	501	55	50
SSR Mining Inc.	1,514	32	32
Stelco Holdings Inc.	1,065	45	47
Stella-Jones Inc.	500	16	24
Torex Gold Resources Inc.	1,403	20	22
Real Estate			
Artis REIT	3,054	34	28
Granite REIT Holdings LP	500	38	35
H&R REIT	1,700	22	21
RioCan REIT	8,840	207	187
SmartCentres REIT	3,847	113	103
Utilities			
ATCO Ltd. Class I non-voting	2,076	92	88
Canadian Utilities Ltd. Class A non-voting	8,090	310	296
Capital Power Corp.	4,281	182	198
Emera Inc.	2,621	154	136
Fortis Inc.	4,065	230	220
Northland Power Inc.	2,900	112	108
TransAlta Corp.	2,000	26	24
Total Canadian Common Stock		19,174	19,557
Global Common Stock			
Bermuda			
Brookfield Infrastructure Partners LP Partnership Units	1,300	64	55

Canadian Low Vol Equity Fund (LC) SF554

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock (continued)			
United Kingdom			
Endeavour Mining PLC	4,990	143	145
Total Global Common Stock		207	200
Total Stocks		19,381	19,757
Transaction Costs (note 2)		(10)	
Total Investments		19,371	19,757

Canadian Low Vol Equity Fund (LC) SF554

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Canadian Low Vol Equity Fund (LC) SF554 (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

Canadian Low Vol Equity Fund (LC) SF554

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2022 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2022

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ —	\$ 1	\$ 1	\$ —
Total	\$ —	\$ 1	\$ 1	\$ —
As Percent of Net Assets Attributable to Contractholders				—%

*Includes both monetary and non-monetary instruments

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ —	\$ 7	\$ 7	\$ —
Total	\$ —	\$ 7	\$ 7	\$ —
As Percent of Net Assets Attributable to Contractholders				—%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2022, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$198 (\$143 at December 31, 2021) or approximately 1.0% (1.0% at December 31, 2021) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

Canadian Low Vol Equity Fund (LC) SF554

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

<u>Assets measured at fair value</u>	2022			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 19,757	\$ —	\$ —	\$ 19,757
Total assets measured at fair value	\$ 19,757	\$ —	\$ —	\$ 19,757

<u>Assets measured at fair value</u>	2021			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 14,335	\$ —	\$ —	\$ 14,335
Total assets measured at fair value	\$ 14,335	\$ —	\$ —	\$ 14,335

There were no significant transfers between Level 1 and Level 2 during 2022 or 2021.

Canadian Low Vol Equity Fund (LC) SF554

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category ⁽¹⁾

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	97,706	37,040	217,115	201,251	—	1,089	430	2,093	2,047	—
75/100 guarantee policy	227,895	152,331	100,018	6,421	—	2,522	1,762	962	65	—
100/100 guarantee policy	15,108	6,002	3,818	—	—	165	69	37	—	—
PS1 75/75 guarantee policy	76,791	51,822	4,074	—	—	868	608	39	—	—
PS1 75/100 guarantee policy	198,845	59,495	25,956	2,660	—	2,233	695	251	27	—
PS1 100/100 guarantee policy	17,426	13,456	—	—	—	194	156	—	—	—
PS2 75/75 guarantee policy	257	—	—	—	—	3	—	—	—	—
PS2 75/100 guarantee policy	14,076	3,890	3,375	—	—	171	48	34	—	—
PS2 100/100 guarantee policy	—	—	68,384	—	—	—	—	680	—	—
PS 75/75 guarantee policy	1,557	—	3,231	—	—	18	—	32	—	—
PS 75/100 guarantee policy	12,329	9,175	10,162	—	—	141	109	99	—	—
PPS 75/100 guarantee policy	12,626	1,842	1,853	998	—	147	22	18	10	—

Net Assets Attributable to Contractholders Per Unit ⁽¹⁾ (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	11.15	11.62	9.64	10.17	—	(0.47)	1.98
75/100 guarantee policy	11.07	11.57	9.61	10.17	—	(0.50)	1.96
100/100 guarantee policy	10.95	11.48	9.58	—	—	(0.53)	1.90
PS1 75/75 guarantee policy	11.31	11.74	9.69	—	—	(0.43)	2.05
PS1 75/100 guarantee policy	11.23	11.68	9.66	10.17	—	(0.45)	2.02
PS1 100/100 guarantee policy	11.11	11.60	—	—	—	(0.49)	1.97
PS2 75/75 guarantee policy	12.13	—	—	—	—	(0.18)	—
PS2 75/100 guarantee policy	12.13	12.31	9.94	—	—	(0.18)	2.37
PS2 100/100 guarantee policy	—	—	9.94	—	—	— ¹	—
PS 75/75 guarantee policy	11.54	—	9.76	—	—	(0.36)	—
PS 75/100 guarantee policy	11.46	11.85	9.74	—	—	(0.39)	2.11
PPS 75/100 guarantee policy	11.63	11.96	9.79	10.19	—	(0.33)	2.17

⁽¹⁾ The Fund commenced on November 4, 2019 and as a result does not have comparative figures for the prior year.

Canadian Low Vol Equity Fund (LC) SF554

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Canadian Low Vol Equity Fund (LC) SF554

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Canadian Low Vol Equity Fund (LC) SF554

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Canadian Low Vol Equity Fund (LC) SF554

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) **Stocks**

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

d) **Cash, Short-term Deposits and Overdrafts**

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Canadian Low Vol Equity Fund (LC) SF554

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Canadian Low Vol Equity Fund (LC) SF554

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Canadian Low Vol Equity Fund (LC) SF554

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Canadian Low Vol Equity Fund (LC) SF554

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

Portfolio units are those units owned by the Asset Allocation Funds. Each Portfolio fund is represented by a separate category.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

The NAV per unit for group contractholders has not been shown because it will vary for each sub-class within the group contractholder class based on negotiated expense levels and other factors.

Canadian Low Vol Equity Fund (LC) SF554

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Canadian Low Vol Equity Fund (LC) SF554

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.69	2.73	2.65	2.65	—
75/100 guarantee policy	2.90	2.93	2.85	2.87	—
100/100 guarantee policy	3.25	3.27	3.20	—	—
PS1 75/75 guarantee policy	2.22	2.25	2.18	—	—
PS1 75/100 guarantee policy	2.45	2.46	2.40	2.41	—
PS1 100/100 guarantee policy	2.77	2.81	—	—	—
PS 75/75 guarantee policy	1.58	—	1.54	—	—
PS 75/100 guarantee policy	1.79	1.82	1.76	—	—
PPS 75/100 guarantee policy	1.32	1.35	1.32	1.32	—

Portfolio Turnover Rate (%) ⁽²⁾⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	104.59	181.70	48.26	4.55	—

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

(3) The Fund commenced on November 4, 2019 and as a result does not have comparative figures for the prior year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
INTERNATIONAL EQUITY FUND (JPM) SF555

December 31, 2022

Independent Auditor's Report

To the Contractholders of International Equity Fund (JPM) SF555 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

International Equity Fund (JPM) SF555

(in Canadian \$ thousands)

Fund Manager: J.P. Morgan Asset Management

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 210	\$ 713
Investment income due and accrued	4	7
Due from The Canada Life Assurance Company (note 8)	33	85
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	—	—
Stocks	10,777	23,178
Investment fund units	—	—
Derivatives (note 7)	—	—
Total investments	10,777	23,178
Total assets	\$ 11,024	\$ 23,983
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Derivatives (note 7)	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 11,024	\$ 23,983

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (3,956)	\$ 2,437
Miscellaneous income (loss)	24	(25)
Total income (loss)	(3,932)	2,412
Expenses		
Management fees (note 8)	245	305
Transaction costs	19	30
Withholding taxes	68	47
Other	29	38
Total expenses	361	420
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (4,293)	\$ 1,992

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 23,983	\$ 11,828
Contractholder deposits	4,577	17,836
Contractholder withdrawals	(13,243)	(7,673)
Increase (decrease) in net assets from operations attributable to contractholders	(4,293)	1,992
Change in net assets attributable to contractholders	(12,959)	12,155
Net assets attributable to contractholders - end of year	\$ 11,024	\$ 23,983

International Equity Fund (JPM) SF555

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (4,293)	\$ 1,992
Adjustments		
Realized (gains) losses	1,674	(348)
Unrealized (gains) losses	2,917	(1,577)
Gross proceeds of disposition of investments	15,775	7,790
Gross payments for the purchase of investments	(7,965)	(17,580)
Change in investment income due and accrued	3	(2)
Change in due from/to The Canada Life Assurance Company	52	(33)
Change in due from/to brokers	—	—
Change in due from/to outside parties	—	—
	<u>8,163</u>	<u>(9,758)</u>
Financing Activities		
Contractholder deposits	4,577	17,836
Contractholder withdrawals	(13,243)	(7,673)
	<u>(8,666)</u>	<u>10,163</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(503)	405
Cash, short-term deposits and overdrafts, beginning of year	713	308
Cash, short-term deposits and overdrafts, end of year	\$ 210	\$ 713
Supplementary cash flow information		
Dividend income received	\$ 637	\$ 510

International Equity Fund (JPM) SF555

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Global Common Stock			
Australia			
BHP Group Ltd.	5,505	219	232
Woodside Energy Group Ltd.	3,098	86	101
Austria			
Erste Group Bank AG	1,773	79	77
Belgium			
KBC Group NV	1,659	157	144
Denmark			
Carlsberg AS	671	132	121
Coloplast AS	466	99	74
Genmab AS	55	27	32
Novo Nordisk AS	1,617	164	296
Finland			
Kone OYJ	1,161	103	81
France			
Air Liquide SA	569	113	109
AXA SA	4,335	146	164
BNP Paribas SA	1,878	144	145
Capgemini SA	547	115	124
Kering SA	191	160	132
L'Oreal SA	335	161	162
LVMH Moet Hennessy Louis Vuitton SE	263	211	259
Pernod Ricard SA *	457	115	122
Safran SA	573	98	97
Schneider Electric SA	723	128	137
TotalEnergies SE	4,058	256	345
Vinci SA	1,184	157	160
Germany			
Adidas AG	404	141	75
Allianz SE	695	212	202

*The issuer of this security is a related company to the issuer of the Fund.

International Equity Fund (JPM) SF555

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Global Common Stock (continued)			
Germany (continued)			
Delivery Hero SE	722	107	47
Deutsche Boerse AG	595	125	139
Infineon Technologies AG	2,164	97	89
Muenchener Rueckversicherungs-Gesellschaft AG	377	132	166
RIB Software AG	5,193	136	140
RWE AG	2,908	155	175
Symrise AG	566	86	83
Hong Kong			
AIA Group Ltd.	14,400	207	217
Hong Kong Exchanges and Clearing Ltd.	1,700	112	99
Techtronic Industries Co. Ltd.	5,000	88	75
India			
HDFC Bank Ltd. ADR	1,296	112	120
Ireland			
Linde PLC	189	64	84
Japan			
Bridgestone Corp.	2,600	127	126
Daikin Industries Ltd.	700	163	146
Hoya Corp.	900	135	118
Keyence Corp.	300	180	159
Kyowa Kirin Co. Ltd.	2,900	112	90
Makita Corp.	1,300	68	41
Mitsubishi UFJ Financial Group Inc.	9,900	89	91
Nidec Corp.	900	115	64
Nippon Telegraph & Telephone Corp.	5,100	190	198
Recruit Holdings Co. Ltd.	2,100	117	91
Shin-Etsu Chemical Co. Ltd.	900	163	151
SMC Corp.	100	73	57
Sony Group Corp.	1,700	206	176
Sumitomo Mitsui Financial Group Inc.	1,900	103	104
Tokio Marine Holdings Inc.	5,700	144	166
Tokyo Electron Ltd.	400	162	161

International Equity Fund (JPM) SF555

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Global Common Stock (continued)			
Jersey			
Ferguson PLC	694	108	119
Netherlands			
ASML Holding NV	326	206	238
ING Groep NV	6,903	101	114
Stellantis NV	5,920	121	114
Singapore			
DBS Group Holdings Ltd.	7,400	205	254
South Korea			
Samsung Electronics Co. Ltd. GDR	84	153	126
Spain			
Iberdrola SA	13,454	193	213
Sweden			
Assa Abloy AB	3,033	103	88
Atlas Copco AB Class A	6,554	105	105
Svenska Handelsbanken AB Class A	9,017	122	123
Volvo AB Series B	4,729	127	116
Switzerland			
Lonza Group AG	150	118	100
Nestle SA	2,696	405	422
Roche Holding AG Genusscheine	785	390	334
Straumann Holding AG	235	44	36
Taiwan			
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	845	101	85
United Kingdom			
Anglo American PLC	2,424	119	128
AstraZeneca PLC	1,688	279	310
Diageo PLC	3,781	212	226
Haleon PLC	1,222	6	7
London Stock Exchange Group PLC	921	121	108

International Equity Fund (JPM) SF555

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock (continued)			
United Kingdom (continued)			
Persimmon PLC	257	12	5
Prudential PLC	6,231	144	115
RELX PLC	4,549	153	170
Shell PLC	9,387	333	357
Total Global Common Stock		10,772	10,777
Total Stocks		10,772	10,777
Transaction Costs (note 2)		(18)	
Total Investments		10,754	10,777

International Equity Fund (JPM) SF555

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the International Equity Fund (JPM) SF555 (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

International Equity Fund (JPM) SF555

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2022 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2022

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
Euro	\$ 4,307	\$ 1	\$ 4,308	\$ 43
Japanese Yen	1,939	—	1,939	19
United Kingdom Pound Sterling	1,375	—	1,375	14
Swiss Franc	892	—	892	9
Other Currencies	2,264	4	2,268	23
Total	\$ 10,777	\$ 5	\$ 10,782	\$ 108
As Percent of Net Assets Attributable to Contractholders			97.8%	1.0%

*Includes both monetary and non-monetary instruments

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
Euro	\$ 9,304	\$ —	\$ 9,304	\$ 93
Japanese Yen	4,325	—	4,325	43
United Kingdom Pound Sterling	3,064	8	3,072	31
Swiss Franc	1,474	—	1,474	15
Other Currencies	5,011	3	5,014	50
Total	\$ 23,178	\$ 11	\$ 23,189	\$ 232
As Percent of Net Assets Attributable to Contractholders			96.7%	1.0%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2022, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$108 (\$232 at December 31, 2021) or approximately 1.0% (1.0% at December 31, 2021) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

International Equity Fund (JPM) SF555

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

The following table presents information about the Fund's assets and liabilities measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

		2022			
		Assets and Liabilities Measured at Fair Value			
		Level 1	Level 2	Level 3	Total
Assets measured at fair value					
Stocks	\$	10,777	\$ —	\$ —	\$ 10,777
Derivatives		—	—	—	—
Total assets measured at fair value	\$	10,777	\$ —	\$ —	\$ 10,777
Liabilities measured at fair value					
Derivatives	\$	—	—	—	—
Net assets attributable to contractholders measured at fair value	\$	10,777	\$ —	\$ —	\$ 10,777
		2021			
		Assets and Liabilities Measured at Fair Value			
		Level 1	Level 2	Level 3	Total
Assets measured at fair value					
Stocks	\$	11,834	\$ 11,344	\$ —	\$ 23,178
Derivatives		—	—	—	—
Total assets measured at fair value	\$	11,834	\$ 11,344	\$ —	\$ 23,178
Liabilities measured at fair value					
Derivatives	\$	—	—	—	—
Net assets attributable to contractholders measured at fair value	\$	11,834	\$ 11,344	\$ —	\$ 23,178

In accordance with the Fund's valuation policy, the Fund applies fair value adjustment factors to the quoted market prices for certain non-North American equities when North American intraday stock market movements exceed predetermined tolerances. The adjustment factors are applied in order to estimate the impact on fair values of events occurring between the close of the non-North American stock markets and the close of business for the Fund. If fair value adjustment factors are applied, non-North American equities are classified as Level 2. Consequently, non-North American equities are frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices). As at December 31, 2022, these securities were classified as Level 1 (Level 2 at December 31, 2021).

International Equity Fund (JPM) SF555

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category ⁽¹⁾

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	163,229	139,927	595,767	512,617	—	1,597	1,648	6,482	5,214	—
75/100 guarantee policy	253,689	231,498	111,499	13,224	—	2,465	2,713	1,210	134	—
100/100 guarantee policy	54,456	41,740	8,609	—	—	522	485	93	—	—
PS1 75/75 guarantee policy	195,679	174,851	49,694	4,201	—	1,940	2,077	543	43	—
PS1 75/100 guarantee policy	299,749	196,497	80,272	5,380	—	2,940	2,318	874	55	—
PS1 100/100 guarantee policy	14,632	16,896	278	—	—	142	197	3	—	—
PS2 75/75 guarantee policy	13,748	12,499	1,180	—	—	147	157	13	—	—
PS2 75/100 guarantee policy	55,797	90,267	10,177	—	—	599	1,132	114	—	—
PS 75/75 guarantee policy	8,240	6,309	3,014	—	—	84	76	33	—	—
PS 75/100 guarantee policy	12,519	60,281	3,164	—	—	126	724	35	—	—
PPS 75/75 guarantee policy	28,825	25,903	11,856	—	—	296	315	131	—	—
PPS 75/100 guarantee policy	16,373	26,642	11,762	8,813	—	166	322	130	90	—

Net Assets Attributable to Contractholders Per Unit ⁽¹⁾ (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	9.79	11.78	10.88	10.17	—	(1.99)	0.90
75/100 guarantee policy	9.72	11.72	10.85	10.17	—	(2.00)	0.87
100/100 guarantee policy	9.59	11.62	10.80	—	—	(2.03)	0.82
PS1 75/75 guarantee policy	9.91	11.88	10.93	10.18	—	(1.97)	0.95
PS1 75/100 guarantee policy	9.81	11.80	10.89	10.17	—	(1.99)	0.91
PS1 100/100 guarantee policy	9.67	11.68	10.83	—	—	(2.01)	0.85
PS2 75/75 guarantee policy	10.73	12.54	11.25	—	—	(1.81)	1.29
PS2 75/100 guarantee policy	10.73	12.54	11.25	—	—	(1.81)	1.29
PS 75/75 guarantee policy	10.14	12.06	11.02	—	—	(1.92)	1.04
PS 75/100 guarantee policy	10.06	12.00	10.99	—	—	(1.94)	1.01
PPS 75/75 guarantee policy	10.27	12.17	11.07	—	—	(1.90)	1.10
PPS 75/100 guarantee policy	10.16	12.08	11.03	10.19	—	(1.92)	1.05

⁽¹⁾ The Fund commenced on November 4, 2019 and as a result does not have comparative figures for the prior year.

International Equity Fund (JPM) SF555

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

International Equity Fund (JPM) SF555

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

International Equity Fund (JPM) SF555

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

International Equity Fund (JPM) SF555

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Stocks

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

International Equity Fund (JPM) SF555

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Derivatives

Derivatives are classified and measured at fair value. Derivatives are valued using market transactions and other market evidence whenever possible, including market based inputs to models, broker or dealer quotations or alternative pricing sources with reasonable levels of transparency. When models are used, the selection of a particular model to value a derivative depends on the contractual terms of, and specific risks inherent in, the instrument, as well as the availability of pricing information in the market. The Company generally uses similar models to value similar instruments. Valuation models require a variety of inputs, including contractual terms, market prices and rates, yield curves, credit curves, measures volatility, prepayment rates and correlations of such inputs.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

International Equity Fund (JPM) SF555

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

International Equity Fund (JPM) SF555

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Income Allocation

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

International Equity Fund (JPM) SF555

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

International Equity Fund (JPM) SF555

Notes to the Financial Statements

(in Canadian \$ thousands)

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

7. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative contracts, including forward currency, futures and equity swap contracts, are valued at the gain or loss that would arise as a result of closing the position at the reporting date. Options are recorded at fair value as at the reporting date. The Fund may use derivative contracts to hedge against losses caused by changes in securities prices, interest rates, exchange rates and/or other risks. The Fund may also use derivative contracts for non-hedging purposes in order to invest indirectly in financial markets or to gain exposure to other currencies, provided the use of such derivatives is consistent with the Fund's investment objectives and strategies. Foreign currency risk and exposure may be direct or indirect and can include all or a portion of the currency exposure of an existing investment or group of investments. Any such gain or loss on derivative contracts is recorded as part of net gain (loss) on investments.

As at the reporting date, the unrealized gain (loss) on derivative contracts is reflected on the Statement of Financial Position of the Fund.

The Fund manages derivative credit risk through collateral arrangements where required. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented by the Fund regarding the acceptability of types of collateral and the valuation parameters. The Fund Manager monitors the value of the collateral and requests additional collateral when needed.

International Equity Fund (JPM) SF555

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.

International Equity Fund (JPM) SF555

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.92	2.96	2.87	2.87	—
75/100 guarantee policy	3.15	3.15	3.09	3.09	—
100/100 guarantee policy	3.57	3.60	3.50	—	—
PS1 75/75 guarantee policy	2.51	2.53	2.45	2.47	—
PS1 75/100 guarantee policy	2.84	2.85	2.80	2.80	—
PS1 100/100 guarantee policy	3.31	3.32	3.23	—	—
PS 75/75 guarantee policy	1.80	1.81	1.77	—	—
PS 75/100 guarantee policy	2.07	2.04	1.98	—	—
PPS 75/75 guarantee policy	1.40	1.40	1.36	—	—
PPS 75/100 guarantee policy	1.74	1.73	1.70	1.70	—

Portfolio Turnover Rate (%) ⁽²⁾⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	52.57	39.11	21.37	2.99	—

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

(3) The Fund commenced on November 4, 2019 and as a result does not have comparative figures for the prior year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
INTERNATIONAL OPPORTUNITY FUND (JPM) SF556

December 31, 2022

Independent Auditor's Report

To the Contractholders of International Opportunity Fund (JPM) SF556 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

International Opportunity Fund (JPM) SF556

(in Canadian \$ thousands)

Fund Manager: J.P. Morgan Asset Management

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 665	\$ 1,782
Investment income due and accrued	16	13
Due from The Canada Life Assurance Company (note 8)	—	160
Due from brokers	89	—
Due from outside parties	—	—
Investments		
Bonds	—	—
Stocks	84,207	91,892
Investment fund units	—	—
Derivatives (note 7)	—	—
Total investments	84,207	91,892
Total assets	\$ 84,977	\$ 93,847
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	541	—
Due to brokers	—	—
Due to outside parties	—	—
Derivatives (note 7)	—	—
Total liabilities excluding net assets attributable to contractholders	541	—
Net assets attributable to contractholders	\$ 84,436	\$ 93,847

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (21,510)	\$ 10,450
Miscellaneous income (loss)	53	(156)
Total income (loss)	(21,457)	10,294
Expenses		
Management fees (note 8)	567	656
Transaction costs	82	81
Withholding taxes	153	105
Other	62	79
Total expenses	864	921
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (22,321)	\$ 9,373

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 93,847	\$ 41,495
Contractholder deposits	17,348	57,976
Contractholder withdrawals	(4,438)	(14,997)
Increase (decrease) in net assets from operations attributable to contractholders	(22,321)	9,373
Change in net assets attributable to contractholders	(9,411)	52,352
Net assets attributable to contractholders - end of year	\$ 84,436	\$ 93,847

International Opportunity Fund (JPM) SF556

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (22,321)	\$ 9,373
Adjustments		
Realized (gains) losses	8,132	(1,154)
Unrealized (gains) losses	14,706	(8,316)
Gross proceeds of disposition of investments	25,746	22,362
Gross payments for the purchase of investments	(40,899)	(64,137)
Change in investment income due and accrued	(3)	(4)
Change in due from/to The Canada Life Assurance Company	701	(109)
Change in due from/to brokers	(89)	(363)
Change in due from/to outside parties	—	—
	<u>(14,027)</u>	<u>(42,348)</u>
Financing Activities		
Contractholder deposits	17,348	57,976
Contractholder withdrawals	(4,438)	(14,997)
	<u>12,910</u>	<u>42,979</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(1,117)	631
Cash, short-term deposits and overdrafts, beginning of year	<u>1,782</u>	<u>1,151</u>
Cash, short-term deposits and overdrafts, end of year	<u>\$ 665</u>	<u>\$ 1,782</u>
Supplementary cash flow information		
Dividend income received	\$ 1,312	\$ 976

International Opportunity Fund (JPM) SF556

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock			
Consumer Discretionary			
MercadoLibre Inc.	538	849	616
Total United States Common Stock		849	616
Global Common Stock			
Australia			
IDP Education Ltd.	13,713	315	344
Woodside Energy Group Ltd.	33,283	965	1,088
Cayman Islands			
Tencent Holdings Ltd.	9,800	835	567
Denmark			
Coloplast AS	6,991	1,430	1,106
Genmab AS	1,974	866	1,131
Novo Nordisk AS	23,570	2,357	4,308
France			
Capgemini SA	6,259	1,475	1,414
L'Oreal SA	4,375	2,091	2,115
LVMH Moet Hennessy Louis Vuitton SE	3,948	3,166	3,890
Safran SA	7,414	1,264	1,256
Schneider Electric SA	9,428	1,868	1,786
Vinci SA	9,421	1,280	1,274
Germany			
Adidas AG	5,724	2,183	1,057
Delivery Hero SE	11,213	1,310	728
Deutsche Boerse AG	5,955	1,273	1,393
RIB Software AG	25,391	702	686
Sartorius AG	1,303	755	697
Symrise AG	8,538	1,304	1,258
Zalando SE	17,263	1,546	828
Hong Kong			
AIA Group Ltd.	179,000	2,627	2,693

International Opportunity Fund (JPM) SF556

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Global Common Stock (continued)			
India			
HDFC Bank Ltd. ADR	11,426	1,029	1,058
Ireland			
Linde PLC	3,114	1,057	1,378
Japan			
Daikin Industries Ltd.	7,100	1,789	1,481
Hoya Corp.	12,000	1,791	1,574
Keyence Corp.	4,600	2,767	2,442
Kyowa Kirin Co. Ltd.	9,000	334	281
Recruit Holdings Co. Ltd.	33,100	1,434	1,427
Shimano Inc.	3,700	1,076	799
Shin-Etsu Chemical Co. Ltd.	9,200	1,593	1,541
Sony Group Corp.	19,500	2,355	2,020
Systemex Corp.	6,100	757	504
Tokio Marine Holdings Inc.	21,500	649	628
Tokyo Electron Ltd.	3,500	1,818	1,405
Jersey			
Ferguson PLC	5,420	880	927
Netherlands			
Adyen BV	595	1,497	1,111
argenx SE	1,720	625	868
ASML Holding NV	5,064	3,266	3,697
Wolters Kluwer NV	8,933	1,077	1,265
Singapore			
DBS Group Holdings Ltd.	41,600	1,210	1,426
Spain			
Iberdrola SA	39,686	623	629
Sweden			
Assa Abloy AB	36,077	1,184	1,048
Atlas Copco AB Class A	96,812	1,604	1,547
Epiroc AB Class A	31,603	699	779

International Opportunity Fund (JPM) SF556

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Global Common Stock (continued)			
Switzerland			
Lonza Group AG	1,783	1,408	1,183
Nestle SA	32,020	4,707	5,023
Roche Holding AG Genusscheine	9,102	4,380	3,872
Straumann Holding AG	4,355	708	674
Taiwan			
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	10,252	1,300	1,034
United Kingdom			
Allfunds Group PLC	59,352	1,051	561
Anglo American PLC	20,506	1,191	1,087
AstraZeneca PLC	16,309	2,605	2,996
Diageo PLC	45,326	2,474	2,709
Intertek Group PLC	13,616	1,280	899
London Stock Exchange Group PLC	12,169	1,754	1,422
Oxford Nanopore Technologies PLC	67,322	715	272
RELX PLC	47,622	1,559	1,783
Spirax-Sarco Engineering PLC	3,577	629	622
Total Global Common Stock		86,487	83,591
Total Stocks		87,336	84,207
Transaction Costs (note 2)		(104)	
Total Investments		87,232	84,207

International Opportunity Fund (JPM) SF556

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the International Opportunity Fund (JPM) SF556 (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

International Opportunity Fund (JPM) SF556

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2022 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2022

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
Euro	\$ 29,674	\$ —	\$ 29,674	\$ 297
Japanese Yen	14,102	—	14,102	141
United Kingdom Pound Sterling	10,934	—	10,934	109
Swiss Franc	10,752	—	10,752	107
Other Currencies	18,745	25	18,770	188
Total	\$ 84,207	\$ 25	\$ 84,232	\$ 842
As Percent of Net Assets Attributable to Contractholders			99.8%	1.0%

*Includes both monetary and non-monetary instruments

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
Euro	\$ 32,736	\$ —	\$ 32,736	\$ 327
Japanese Yen	17,223	—	17,223	172
Swiss Franc	8,807	—	8,807	88
United Kingdom Pound Sterling	8,117	(16)	8,101	81
Other Currencies	25,009	37	25,046	251
Total	\$ 91,892	\$ 21	\$ 91,913	\$ 919
As Percent of Net Assets Attributable to Contractholders			97.9%	1.0%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2022, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$842 (\$919 at December 31, 2021) or approximately 1.0% (1.0% at December 31, 2021) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

International Opportunity Fund (JPM) SF556

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

The following table presents information about the Fund's assets and liabilities measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

	2022			
	Assets and Liabilities Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
<u>Assets measured at fair value</u>				
Stocks	\$ 84,207	\$ —	\$ —	\$ 84,207
Derivatives	—	—	—	—
Total assets measured at fair value	\$ 84,207	\$ —	\$ —	\$ 84,207
<u>Liabilities measured at fair value</u>				
Derivatives	\$ —	\$ —	\$ —	\$ —
Net assets attributable to contractholders measured at fair value	\$ 84,207	\$ —	\$ —	\$ 84,207

	2021			
	Assets and Liabilities Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
<u>Assets measured at fair value</u>				
Stocks	\$ 46,747	\$ 45,145	\$ —	\$ 91,892
Derivatives	—	—	—	—
Total assets measured at fair value	\$ 46,747	\$ 45,145	\$ —	\$ 91,892
<u>Liabilities measured at fair value</u>				
Derivatives	\$ —	\$ —	\$ —	\$ —
Net assets attributable to contractholders measured at fair value	\$ 46,747	\$ 45,145	\$ —	\$ 91,892

In accordance with the Fund's valuation policy, the Fund applies fair value adjustment factors to the quoted market prices for certain non-North American equities when North American intraday stock market movements exceed predetermined tolerances. The adjustment factors are applied in order to estimate the impact on fair values of events occurring between the close of the non-North American stock markets and the close of business for the Fund. If fair value adjustment factors are applied, non-North American equities are classified as Level 2. Consequently, non-North American equities are frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices). As at December 31, 2022, these securities were classified as Level 1 (Level 2 at December 31, 2021).

International Opportunity Fund (JPM) SF556

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category ⁽¹⁾

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	343,848	343,240	636,810	503,200	—	3,533	4,670	8,062	5,193	—
75/100 guarantee policy	530,339	712,557	192,058	5,723	—	5,404	9,639	2,424	59	—
100/100 guarantee policy	117,648	110,675	73,011	4,121	—	1,183	1,484	917	42	—
PS1 75/75 guarantee policy	337,703	314,525	102,744	2,612	—	3,527	4,327	1,308	27	—
PS1 75/100 guarantee policy	395,722	385,806	119,780	5,703	—	4,083	5,263	1,519	59	—
PS1 100/100 guarantee policy	50,233	51,850	21,640	—	—	510	700	273	—	—
PS2 75/75 guarantee policy	60,909	172,501	144,022	—	—	689	2,507	1,888	—	—
PS2 75/100 guarantee policy	60,159	99,111	43,434	—	—	681	1,440	570	—	—
PS 75/75 guarantee policy	8,736	6,266	2,727	—	—	93	87	35	—	—
PS 75/100 guarantee policy	25,969	20,801	12,622	—	—	274	288	161	—	—
PPS 75/75 guarantee policy	4,757	4,649	1,146	—	—	51	65	15	—	—
PPS 75/100 guarantee policy	39,466	39,540	5,428	—	—	422	552	70	—	—

Net Assets Attributable to Contractholders Per Unit ⁽¹⁾ (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	10.28	13.60	12.66	10.32	—	(3.32)	0.94
75/100 guarantee policy	10.19	13.53	12.62	10.32	—	(3.34)	0.91
100/100 guarantee policy	10.05	13.40	12.56	10.31	—	(3.35)	0.84
PS1 75/75 guarantee policy	10.44	13.76	12.74	10.33	—	(3.32)	1.02
PS1 75/100 guarantee policy	10.32	13.64	12.68	10.32	—	(3.32)	0.96
PS1 100/100 guarantee policy	10.16	13.50	12.61	—	—	(3.34)	0.89
PS2 75/75 guarantee policy	11.32	14.53	13.11	—	—	(3.21)	1.42
PS2 75/100 guarantee policy	11.32	14.53	13.11	—	—	(3.21)	1.42
PS 75/75 guarantee policy	10.64	13.93	12.82	—	—	(3.29)	1.11
PS 75/100 guarantee policy	10.55	13.85	12.78	—	—	(3.30)	1.07
PPS 75/75 guarantee policy	10.81	14.09	12.90	—	—	(3.28)	1.19
PPS 75/100 guarantee policy	10.68	13.97	12.84	—	—	(3.29)	1.13

⁽¹⁾ The Fund commenced on November 4, 2019 and as a result does not have comparative figures for the prior year.

International Opportunity Fund (JPM) SF556

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

International Opportunity Fund (JPM) SF556

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

International Opportunity Fund (JPM) SF556

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

International Opportunity Fund (JPM) SF556

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Stocks

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

International Opportunity Fund (JPM) SF556

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Derivatives

Derivatives are classified and measured at fair value. Derivatives are valued using market transactions and other market evidence whenever possible, including market based inputs to models, broker or dealer quotations or alternative pricing sources with reasonable levels of transparency. When models are used, the selection of a particular model to value a derivative depends on the contractual terms of, and specific risks inherent in, the instrument, as well as the availability of pricing information in the market. The Company generally uses similar models to value similar instruments. Valuation models require a variety of inputs, including contractual terms, market prices and rates, yield curves, credit curves, measures volatility, prepayment rates and correlations of such inputs.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

International Opportunity Fund (JPM) SF556

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

International Opportunity Fund (JPM) SF556

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Income Allocation

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

International Opportunity Fund (JPM) SF556

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Portfolio units are those units owned by the Asset Allocation Funds. Each Portfolio fund is represented by a separate category.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

International Opportunity Fund (JPM) SF556

Notes to the Financial Statements

(in Canadian \$ thousands)

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

The NAV per unit for group contractholders has not been shown because it will vary for each sub-class within the group contractholder class based on negotiated expense levels and other factors.

7. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative contracts, including forward currency, futures and equity swap contracts, are valued at the gain or loss that would arise as a result of closing the position at the reporting date. Options are recorded at fair value as at the reporting date. The Fund may use derivative contracts to hedge against losses caused by changes in securities prices, interest rates, exchange rates and/or other risks. The Fund may also use derivative contracts for non-hedging purposes in order to invest indirectly in financial markets or to gain exposure to other currencies, provided the use of such derivatives is consistent with the Fund's investment objectives and strategies. Foreign currency risk and exposure may be direct or indirect and can include all or a portion of the currency exposure of an existing investment or group of investments. Any such gain or loss on derivative contracts is recorded as part of net gain (loss) on investments.

As at the reporting date, the unrealized gain (loss) on derivative contracts is reflected on the Statement of Financial Position of the Fund.

The Fund manages derivative credit risk through collateral arrangements where required. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented by the Fund regarding the acceptability of types of collateral and the valuation parameters. The Fund Manager monitors the value of the collateral and requests additional collateral when needed.

International Opportunity Fund (JPM) SF556

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.

International Opportunity Fund (JPM) SF556

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	3.07	3.10	3.03	3.03	—
75/100 guarantee policy	3.35	3.37	3.30	3.30	—
100/100 guarantee policy	3.76	3.78	3.71	3.71	—
PS1 75/75 guarantee policy	2.55	2.56	2.52	2.52	—
PS1 75/100 guarantee policy	2.94	2.97	2.91	2.91	—
PS1 100/100 guarantee policy	3.44	3.47	3.40	—	—
PS 75/75 guarantee policy	1.95	1.97	1.94	—	—
PS 75/100 guarantee policy	2.22	2.24	2.18	—	—
PPS 75/75 guarantee policy	1.44	1.44	1.42	—	—
PPS 75/100 guarantee policy	1.83	1.85	1.80	—	—

Portfolio Turnover Rate (%) ⁽²⁾⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	30.34	29.30	17.84	5.07	—

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

(3) The Fund commenced on November 4, 2019 and as a result does not have comparative figures for the prior year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
SCIENCE & TECHNOLOGY FUND (LC) SF557

December 31, 2022

Independent Auditor's Report

To the Contractholders of Science & Technology Fund (LC) SF557 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Science & Technology Fund (LC) SF557

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 12,484	\$ 4,372
Investment income due and accrued	61	52
Due from The Canada Life Assurance Company (note 7)	—	357
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	—	—
Stocks	224,053	307,780
Investment fund units	—	—
Total investments	224,053	307,780
Total assets	\$ 236,598	\$ 312,561
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	5	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	5	—
Net assets attributable to contractholders	\$ 236,593	\$ 312,561

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (85,727)	\$ 48,593
Miscellaneous income (loss)	182	357
Total income (loss)	(85,545)	48,950
Expenses		
Management fees (note 7)	6,454	6,264
Transaction costs	69	41
Withholding taxes	182	320
Other	623	583
Total expenses	7,328	7,208
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (92,873)	\$ 41,742

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 312,561	\$ 160,721
Contractholder deposits	38,406	130,764
Contractholder withdrawals	(21,501)	(20,666)
Increase (decrease) in net assets from operations attributable to contractholders	(92,873)	41,742
Change in net assets attributable to contractholders	(75,968)	151,840
Net assets attributable to contractholders - end of year	\$ 236,593	\$ 312,561

Science & Technology Fund (LC) SF557

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (92,873)	\$ 41,742
Adjustments		
Realized (gains) losses	25,940	(8,762)
Unrealized (gains) losses	61,469	(38,732)
Gross proceeds of disposition of investments	125,944	46,676
Gross payments for the purchase of investments	(129,626)	(152,710)
Change in investment income due and accrued	(9)	(15)
Change in due from/to The Canada Life Assurance Company	362	399
Change in due from/to brokers	—	—
Change in due from/to outside parties	—	—
	<u>(8,793)</u>	<u>(111,402)</u>
Financing Activities		
Contractholder deposits	38,406	130,764
Contractholder withdrawals	(21,501)	(20,666)
	<u>16,905</u>	<u>110,098</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	8,112	(1,304)
Cash, short-term deposits and overdrafts, beginning of year	4,372	5,676
Cash, short-term deposits and overdrafts, end of year	<u>\$ 12,484</u>	<u>\$ 4,372</u>
Supplementary cash flow information		
Dividend income received	\$ 1,429	\$ 1,074

Science & Technology Fund (LC) SF557

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Common Stock			
Energy			
Pason Systems Inc.	145,936	1,856	2,326
Information Technology			
CGI Group Inc. Class A sub. voting	69,955	6,965	8,164
Constellation Software Inc.	9,476	16,980	20,032
Kinaxis Inc.	35,522	5,774	5,396
Open Text Corp.	45,063	2,543	1,808
Shopify Inc.	45,283	1,906	2,129
The Descartes Systems Group Inc.	30,798	2,360	2,907
Total Canadian Common Stock		38,384	42,762
United States Common Stock			
Communication Services			
Alphabet Inc. Class A	150,885	18,203	18,022
Meta Platforms Inc.	31,225	7,557	5,087
Netflix Inc.	12,455	4,335	4,972
The Walt Disney Co.	13,371	2,399	1,573
T-Mobile US Inc.	55,942	8,824	10,602
Consumer Discretionary			
Amazon.com Inc.	13,915	2,462	1,582
Energy			
Schlumberger Ltd.	64,419	3,702	4,662
Health Care			
Intuitive Surgical Inc.	9,802	3,039	3,521
Vertex Pharmaceuticals Inc.	2,776	1,163	1,085
Industrials			
Uber Technologies Inc.	63,374	3,475	2,122
Information Technology			
Advanced Micro Devices Inc.	38,848	4,301	3,406
Analog Devices Inc.	8,412	1,560	1,868
Apple Inc.	105,121	15,607	18,490

Science & Technology Fund (LC) SF557

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
United States Common Stock (continued)			
Information Technology (continued)			
Applied Materials Inc.	23,732	4,038	3,128
Broadcom Inc.	12,373	6,847	9,365
Cisco Systems Inc.	89,922	5,994	5,799
Fiserv Inc.	27,182	3,797	3,719
HubSpot Inc.	2,507	1,241	981
Keysight Technologies Inc.	5,155	1,235	1,194
Marvell Technology Inc.	31,122	2,140	1,561
Mastercard Inc. Class A	27,832	12,367	13,101
Micron Technology Inc.	41,928	3,637	2,837
Microsoft Corp.	60,354	17,086	19,595
Motorola Solutions Inc.	20,785	5,538	7,251
NVIDIA Corp.	15,415	3,157	3,050
Oracle Corp.	24,233	2,549	2,681
Palo Alto Networks Inc.	16,122	3,745	3,044
Salesforce Inc.	17,842	4,990	3,202
ServiceNow Inc.	7,577	4,913	3,983
Visa Inc. Class A	51,111	13,914	14,375
Real Estate			
American Tower Corp. REIT Class A	3,079	998	883
Total United States Common Stock		174,813	176,741
Global Common Stock			
Ireland			
Accenture PLC Class A	12,596	5,134	4,550
Total Global Common Stock		5,134	4,550
Total Stocks		218,331	224,053
Transaction Costs (note 2)		(46)	
Total Investments		218,285	224,053

Science & Technology Fund (LC) SF557

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Science & Technology Fund (LC) SF557 (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

Science & Technology Fund (LC) SF557

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2022 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2022

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders	
United States Dollar	\$ 181,291	\$ 3,892	\$ 185,183	\$ 1,852	
Total	\$ 181,291	\$ 3,892	\$ 185,183	\$ 1,852	
As Percent of Net Assets Attributable to Contractholders				78.3%	0.8%

*Includes both monetary and non-monetary instruments

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders	
United States Dollar	\$ 257,085	\$ 49	\$ 257,134	\$ 2,571	
Total	\$ 257,085	\$ 49	\$ 257,134	\$ 2,571	
As Percent of Net Assets Attributable to Contractholders				82.3%	0.8%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2022, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$2,241 (\$3,078 at December 31, 2021) or approximately 0.9% (1.0% at December 31, 2021) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

Science & Technology Fund (LC) SF557

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

<u>Assets measured at fair value</u>	2022			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 224,053	\$ —	\$ —	\$ 224,053
Total assets measured at fair value	\$ 224,053	\$ —	\$ —	\$ 224,053

Assets measured at fair value	2021			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 307,780	\$ —	\$ —	\$ 307,780
Total assets measured at fair value	\$ 307,780	\$ —	\$ —	\$ 307,780

There were no significant transfers between Level 1 and Level 2 during 2022 or 2021.

Science & Technology Fund (LC) SF557

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category ⁽¹⁾

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	5,162,958	4,631,308	2,927,880	692,325	—	63,175	80,053	42,497	7,224	—
75/100 guarantee policy	5,768,491	5,433,777	3,511,174	284,432	—	70,293	93,659	50,887	2,968	—
100/100 guarantee policy	530,592	548,341	517,897	42,336	—	6,344	9,330	7,454	441	—
PS1 75/75 guarantee policy	3,396,401	3,036,375	1,479,231	105,731	—	42,233	53,064	21,597	1,104	—
PS1 75/100 guarantee policy	3,183,198	3,029,302	1,652,299	181,440	—	39,174	52,567	24,033	1,894	—
PS1 100/100 guarantee policy	332,130	494,987	476,739	—	—	4,017	8,489	6,890	—	—
PS2 75/75 guarantee policy	132,740	262,885	159,563	—	—	1,784	4,844	2,397	—	—
PS2 75/100 guarantee policy	315,967	262,588	161,573	27,599	—	4,247	4,839	2,427	289	—
PS2 100/100 guarantee policy	8,498	2,092	—	—	—	114	39	—	—	—
PS 75/75 guarantee policy	61,018	74,285	73,604	3,311	—	773	1,315	1,082	35	—
PS 75/100 guarantee policy	119,137	80,361	29,964	885	—	1,503	1,418	440	9	—
PS 100/100 guarantee policy	2,605	3,059	671	—	—	32	53	10	—	—
PPS 75/75 guarantee policy	86,078	62,411	38,899	—	—	1,108	1,117	575	—	—
PPS 75/100 guarantee policy	125,940	84,586	22,619	—	—	1,604	1,503	333	—	—
PPS 100/100 guarantee policy	15,292	15,423	6,748	971	—	192	271	99	10	—

Net Assets Attributable to Contractholders Per Unit ⁽¹⁾ (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	12.24	17.29	14.51	10.43	—	(5.05)	2.78
75/100 guarantee policy	12.19	17.24	14.49	10.43	—	(5.05)	2.75
100/100 guarantee policy	11.96	17.01	14.39	10.42	—	(5.05)	2.62
PS1 75/75 guarantee policy	12.43	17.48	14.60	10.44	—	(5.05)	2.88
PS1 75/100 guarantee policy	12.31	17.35	14.55	10.44	—	(5.04)	2.80
PS1 100/100 guarantee policy	12.10	17.15	14.45	—	—	(5.05)	2.70
PS2 75/75 guarantee policy	13.44	18.43	15.02	—	—	(4.99)	3.41
PS2 75/100 guarantee policy	13.44	18.43	15.02	10.48	—	(4.99)	3.41
PS2 100/100 guarantee policy	13.44	18.43	—	—	—	(4.99)	3.41
PS 75/75 guarantee policy	12.67	17.70	14.70	10.45	—	(5.03)	3.00
PS 75/100 guarantee policy	12.61	17.65	14.68	10.45	—	(5.04)	2.97
PS 100/100 guarantee policy	12.38	17.42	14.58	—	—	(5.04)	2.84
PPS 75/75 guarantee policy	12.87	17.89	14.79	—	—	(5.02)	3.10
PPS 75/100 guarantee policy	12.74	17.77	14.73	—	—	(5.03)	3.04
PPS 100/100 guarantee policy	12.52	17.56	14.64	10.45	—	(5.04)	2.92

⁽¹⁾ The Fund commenced on November 4, 2019 and as a result does not have comparative figures for the prior year.

Science & Technology Fund (LC) SF557

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Science & Technology Fund (LC) SF557

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Science & Technology Fund (LC) SF557

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Science & Technology Fund (LC) SF557

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Stocks

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Science & Technology Fund (LC) SF557

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Science & Technology Fund (LC) SF557

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Science & Technology Fund (LC) SF557

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Science & Technology Fund (LC) SF557

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

The NAV per unit for group contractholders has not been shown because it will vary for each sub-class within the group contractholder class based on negotiated expense levels and other factors.

Science & Technology Fund (LC) SF557

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Science & Technology Fund (LC) SF557

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.98	2.96	2.96	2.98	—
75/100 guarantee policy	3.11	3.09	3.11	3.11	—
100/100 guarantee policy	3.72	3.69	3.71	3.71	—
PS1 75/75 guarantee policy	2.47	2.45	2.45	2.47	—
PS1 75/100 guarantee policy	2.80	2.77	2.78	2.80	—
PS1 100/100 guarantee policy	3.34	3.33	3.34	—	—
PS 75/75 guarantee policy	1.89	1.87	1.87	1.88	—
PS 75/100 guarantee policy	2.01	1.99	2.01	2.01	—
PS 100/100 guarantee policy	2.62	2.61	2.61	—	—
PPS 75/75 guarantee policy	1.37	1.36	1.35	—	—
PPS 75/100 guarantee policy	1.70	1.68	1.70	—	—
PPS 100/100 guarantee policy	2.25	2.23	2.24	2.25	—

Portfolio Turnover Rate (%) ⁽²⁾⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	51.89	19.40	10.48	—	—

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

(3) The Fund commenced on November 4, 2019 and as a result does not have comparative figures for the prior year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
TACTICAL BOND FUND (PIM) SF558

December 31, 2022

Independent Auditor's Report

To the Contractholders of Tactical Bond Fund (PIM) SF558 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Tactical Bond Fund (PIM) SF558

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 33,492	\$ 28,385
Investment income due and accrued	3,260	2,415
Due from The Canada Life Assurance Company (note 8)	1,120	497
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	451,300	463,240
Stocks	21,985	41,677
Investment fund units	—	—
Derivatives (note 7)	393	182
Total investments	473,678	505,099
Total assets	\$ 511,550	\$ 536,396
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Derivatives (note 7)	1,494	238
Total liabilities excluding net assets attributable to contractholders	1,494	238
Net assets attributable to contractholders	\$ 510,056	\$ 536,158

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (60,663)	\$ (8,037)
Miscellaneous income (loss)	606	111
Total income (loss)	(60,057)	(7,926)
Expenses		
Management fees (note 8)	106	101
Transaction costs	16	18
Withholding taxes	2	1
Other	89	32
Total expenses	213	152
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (60,270)	\$ (8,078)

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year		
	\$ 536,158	\$ 407,862
Contractholder deposits	59,942	179,180
Contractholder withdrawals	(25,774)	(42,806)
Increase (decrease) in net assets from operations attributable to contractholders	(60,270)	(8,078)
Change in net assets attributable to contractholders	(26,102)	128,296
Net assets attributable to contractholders - end of year	\$ 510,056	\$ 536,158

Tactical Bond Fund (PIM) SF558

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (60,270)	\$ (8,078)
Adjustments		
Add back amortization of premium (discount)	(207)	(254)
Realized (gains) losses	30,601	10,404
Unrealized (gains) losses	45,903	9,681
Gross proceeds of disposition of investments	423,687	321,198
Gross payments for the purchase of investments	(467,307)	(444,331)
Change in investment income due and accrued	(845)	(440)
Change in due from/to The Canada Life Assurance Company	(623)	(441)
Change in due from/to brokers	—	(377)
Change in due from/to outside parties	—	—
	<u>(29,061)</u>	<u>(112,638)</u>
Financing Activities		
Contractholder deposits	59,942	179,180
Contractholder withdrawals	(25,774)	(42,806)
	<u>34,168</u>	<u>136,374</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	5,107	23,736
Cash, short-term deposits and overdrafts, beginning of year	28,385	4,649
Cash, short-term deposits and overdrafts, end of year	\$ 33,492	\$ 28,385
Supplementary cash flow information		
Interest income received	\$ 12,924	\$ 10,471
Dividend income received	1,540	838

Tactical Bond Fund (PIM) SF558

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds			
Federal Government			
Government of Canada 0.25% 03-01-2026	124,000	110	111
Government of Canada 0.25% 12-01-2054 Real Return	1,038,000	743	872
Government of Canada 0.50% 12-01-2050 Real Return	4,373,000	4,964	4,324
Government of Canada 1.50% 06-01-2031	43,000	37	37
Government of Canada 1.50% 12-01-2031	19,248,000	16,919	16,574
Government of Canada 2.00% 06-01-2032	31,667,000	29,247	28,363
Total Federal Government		52,020	50,281
Provincial Government			
Hydro-Quebec 4.00% 02-15-2055	1,292,000	1,865	1,237
Ontario Power Generation Inc. 3.215% 04-08-2030	2,366,000	2,487	2,145
Ontario Power Generation Inc. 4.922% 07-19-2032	290,000	290	290
Province of Alberta 1.65% 06-01-2031	40,000	38	33
Province of Alberta 2.55% 06-01-2027	2,680,000	2,911	2,543
Province of Alberta 2.95% 06-01-2052	6,995,000	6,108	5,476
Province of Alberta 3.05% 12-01-2048	1,575,000	1,632	1,265
Province of Alberta 3.10% 06-01-2050	11,861,000	12,056	9,615
Province of British Columbia 1.55% 06-18-2031	2,582,000	2,447	2,133
Province of British Columbia 2.30% 06-18-2026	1,053,000	1,135	999
Province of British Columbia 2.95% 06-18-2050	1,266,000	1,402	1,000
Province of Manitoba 2.05% 09-05-2052	1,340,000	1,093	827
Province of Manitoba 2.75% 06-02-2029	1,677,000	1,866	1,565
Province of Manitoba 2.85% 09-05-2046	3,116,000	3,444	2,393
Province of Manitoba 3.20% 03-05-2050	80,000	87	65
Province of Manitoba 3.25% 09-05-2029	1,840,000	2,116	1,764
Province of Manitoba 3.80% 09-05-2053	990,000	925	899
Province of New Brunswick 4.65% 09-26-2035	1,456,000	1,937	1,506
Province of Nova Scotia 3.15% 12-01-2051	1,541,000	1,843	1,240
Province of Ontario 1.55% 11-01-2029	3,968,000	3,958	3,408
Province of Ontario 3.45% 06-02-2045	1,310,000	1,495	1,144
Province of Ontario 3.75% 06-02-2032	11,078,000	10,908	10,828
Province of Ontario 3.75% 12-02-2053	23,340,000	21,925	21,420
Province of Quebec 2.85% 12-01-2053	810,000	648	620
Province of Quebec 3.25% 09-01-2032	2,905,000	2,734	2,726
Province of Quebec 3.50% 12-01-2048	2,510,000	2,902	2,198
Province of Quebec 3.65% 05-20-2032	1,240,000	1,240	1,208

Tactical Bond Fund (PIM) SF558

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Provincial Government (continued)			
Province of Quebec 4.25% 12-01-2043	7,708,000	10,744	7,624
Province of Saskatchewan 2.80% 12-02-2052	1,994,000	1,990	1,500
Province of Saskatchewan 3.10% 06-02-2050	2,410,000	2,451	1,946
Province of Saskatchewan 3.40% 02-03-2042	2,766,000	3,318	2,420
Total Provincial Government		109,995	94,037
Municipal Government			
City of Ottawa 3.05% 05-10-2039	510,000	573	422
City of Toronto 5.20% 06-01-2040	2,158,000	3,164	2,299
Total Municipal Government		3,737	2,721
Corporate - Non-convertible			
407 International Inc. 1.80% 05-22-2025	352,000	359	330
407 International Inc. 2.59% 05-25-2032	44,000	44	37
407 International Inc. 3.30% 03-27-2045	277,000	302	216
407 International Inc. 3.43% 06-01-2033	47,000	51	42
407 International Inc. 3.67% 03-08-2049	965,000	853	793
407 International Inc. 4.22% 02-14-2028	700,000	700	685
Aeroports de Montreal 3.36% 04-24-2047	470,000	381	369
Aeroports de Montreal 6.55% 10-11-2033	307,000	363	348
AIMCo Realty Investors LP 2.195% 11-04-2026	520,000	520	472
AIMCo Realty Investors LP 2.712% 06-01-2029	2,100,000	2,239	1,855
Algonquin Power & Utilities Corp. 4.09% 02-17-2027	39,000	44	37
Algonquin Power & Utilities Corp. 5.25% 01-18-2082	660,000	660	516
Algonquin Power Co. 2.85% 07-15-2031	642,000	644	523
AltaGas Ltd. 2.157% 06-10-2025	29,000	29	27
AltaGas Ltd. 2.166% 03-16-2027	790,000	789	701
AltaGas Ltd. 5.25% 01-11-2082	420,000	420	343
AltaGas Ltd. 7.35% 08-17-2082	105,000	105	102
AltaLink LP 3.668% 11-06-2023	2,084,000	2,256	2,058
AltaLink LP 4.692% 11-28-2032	300,000	300	300
ARC Resources Ltd. 2.354% 03-10-2026	560,000	560	513
ARC Resources Ltd. 3.465% 03-10-2031	570,000	570	494
Artis REIT 3.824% 09-18-2023	246,000	248	241
Athabasca Indigenous Midstream LP 6.069% 02-05-2042	120,000	120	123

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Athene Global Funding 3.127% 03-10-2025	510,000	510	483
Bank of Montreal 1.551% 05-28-2026	957,000	948	856
Bank of Montreal 1.758% 03-10-2026	868,000	868	787
Bank of Montreal 2.077% 06-17-2030	526,000	511	484
Bank of Montreal 3.19% 03-01-2028	960,000	948	897
Bank of Montreal 3.65% 04-01-2027	481,000	481	457
Bank of Montreal 4.30% 11-26-2025	298,000	304	274
Bank of Montreal 4.309% 06-01-2027	2,350,000	2,332	2,291
Bank of Montreal 4.709% 12-07-2027	1,730,000	1,730	1,708
Bank of Montreal 6.534% 10-27-2032	2,475,000	2,525	2,572
Bank of Montreal 7.325% 11-26-2082	2,002,000	2,003	2,003
BCI QuadReal Realty 1.056% 03-12-2024	320,000	320	305
BCI QuadReal Realty 1.073% 02-04-2026	426,000	426	379
BCI QuadReal Realty 1.747% 07-24-2030	270,000	262	216
BCI QuadReal Realty 2.551% 06-24-2026	46,000	43	43
BCIMC Realty Corp. 2.84% 06-03-2025	807,000	867	770
Bell Canada Inc. 2.20% 05-29-2028	486,000	484	425
Bell Canada Inc. 3.00% 03-17-2031	9,000	8	8
Bell Canada Inc. 4.45% 02-27-2047	33,000	39	28
Bell Canada Inc. 5.85% 11-10-2032	7,000	7	7
BMW Canada Inc. 0.99% 01-14-2025	167,000	167	154
Brookfield Infrastructure Finance ULC 3.41% 10-09-2029	1,796,000	1,948	1,605
Brookfield Infrastructure Finance ULC 5.616% 11-14-2027	910,000	910	924
Brookfield Infrastructure Partners 3.315% 02-22-2024	328,000	347	320
Brookfield Property Finance ULC 3.926% 08-24-2025	86,000	86	81
Brookfield Property Finance ULC 3.93% 01-15-2027	1,043,000	1,055	943
Brookfield Property Finance ULC 4.30% 03-01-2024	3,222,000	3,349	3,139
Brookfield Property Finance ULC 4.346% 07-03-2023	586,000	606	580
Brookfield Renewable Energy Partners LP 3.63% 01-15-2027	740,000	764	701
Brookfield Residential Properties Inc./Brookfield Residential US Corp. 5.125% 06-15-2029	187,000	187	158
Bruce Power LP 2.68% 12-21-2028	181,000	181	161
Bruce Power LP 4.00% 06-21-2030	157,000	175	147
Calgary Airport Authority 3.454% 10-07-2041	542,000	457	444
Calgary Airport Authority 3.554% 10-07-2051	280,000	245	223
Calgary Airport Authority 3.554% 10-07-2053	170,000	138	134
Canadian Core Real Estate 3.299% 03-02-2027	560,000	560	514

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Canadian Imperial Bank of Commerce 1.10% 01-19-2026	1,420,000	1,419	1,265
Canadian Imperial Bank of Commerce 1.96% 04-21-2031	2,033,000	2,034	1,804
Canadian Imperial Bank of Commerce 2.00% 04-17-2025	745,000	773	696
Canadian Imperial Bank of Commerce 2.75% 03-07-2025	1,984,000	1,924	1,891
Canadian Imperial Bank of Commerce 4.00% 01-28-2082	600,000	600	474
Canadian Imperial Bank of Commerce 4.20% 04-07-2032	475,000	470	449
Canadian Imperial Bank of Commerce 4.375% 10-28-2025	435,000	441	399
Canadian Imperial Bank of Commerce 4.95% 06-29-2027	1,860,000	1,869	1,858
Canadian Imperial Bank of Commerce 5.05% 10-07-2027	1,325,000	1,321	1,326
Canadian Imperial Bank of Commerce 7.15% 07-28-2082	494,000	493	485
Canadian National Railway Co. 3.00% 02-08-2029	207,000	229	191
Canadian Natural Resources Ltd. 1.45% 11-16-2023	294,000	294	285
Canadian Natural Resources Ltd. 2.50% 01-17-2028	2,205,000	2,216	1,996
Canadian Natural Resources Ltd. 3.42% 12-01-2026	632,000	673	603
Canadian Pacific Railway Ltd. 2.54% 02-28-2028	1,360,000	1,360	1,223
Canadian Tire Corp. Ltd. 3.167% 07-06-2023	429,000	451	425
Canadian Utilities Ltd. 4.851% 06-03-2052	601,000	597	579
Canadian Western Bank 1.57% 09-14-2023	1,830,000	1,850	1,782
Canadian Western Bank 1.926% 04-16-2026	1,608,000	1,617	1,445
Canadian Western Bank 2.597% 09-06-2024	622,000	589	594
Canadian Western Bank 2.606% 01-30-2025	340,000	348	321
Canadian Western Bank 3.859% 04-21-2025	850,000	850	822
Canadian Western Bank 5.00% 07-31-2081	200,000	200	159
Canadian Western Bank 5.146% 09-02-2027	570,000	570	567
Canadian Western Bank 5.937% 12-22-2032	270,000	270	267
Canadian Western Bank 6.00% 04-30-2081	1,753,000	1,798	1,544
Capital Power Corp. 3.147% 10-01-2032	154,000	154	125
Capital Power Corp. 4.284% 09-18-2024	229,000	253	224
Capital Power Corp. 4.986% 01-23-2026	1,720,000	1,838	1,701
Capital Power Corp. 7.95% 09-09-2082	274,000	274	270
Cascades Inc./Cascades USA Inc. 5.125% 01-15-2025	252,000	263	243
CDP Financial Inc. 1.50% 10-19-2026	1,400,000	1,398	1,279
Cenovus Energy Inc. 3.50% 02-07-2028	2,743,000	2,722	2,593
Central 1 Credit Union 2.584% 12-06-2023	884,000	916	861
CGI Inc. 2.10% 09-18-2028	360,000	359	311
Choice Properties REIT 2.456% 11-30-2026	300,000	300	270
Choice Properties REIT 2.848% 05-21-2027	625,000	640	568

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Choice Properties REIT 3.532% 06-11-2029	101,000	92	91
Choice Properties REIT 6.003% 06-24-2032	440,000	440	453
Coast Capital Savings Federal Credit Union 5.00% 05-03-2028	515,000	545	513
Coast Capital Savings Federal Credit Union 5.25% 10-29-2030	88,000	96	85
Cogeco Communications Inc. 2.991% 09-22-2031	446,000	446	369
Cologix Data Centers Issuer LLC 4.94% 01-25-2052	84,000	84	77
Cologix Data Centers Issuer LLC 5.68% 01-25-2052	67,000	67	61
Corus Entertainment Inc. 5.00% 05-11-2028	189,000	189	145
CPPIB Capital Inc. 1.95% 09-30-2029	46,000	45	40
CPPIB Capital Inc. 2.25% 12-01-2031	430,000	426	371
Crombie REIT 3.133% 08-12-2031	169,000	169	137
Crombie REIT 3.211% 10-09-2030	11,000	11	9
Crombie REIT 3.677% 08-26-2026	155,000	167	145
Crombie REIT 3.917% 06-21-2027	16,000	16	15
CT REIT 2.371% 01-06-2031	376,000	377	296
CU Inc. 2.963% 09-07-2049	330,000	254	235
CU Inc. 3.548% 11-22-2047	7,000	6	6
CU Inc. 3.95% 11-23-2048	6,000	6	5
CU Inc. 4.085% 09-02-2044	838,000	834	738
CU Inc. 4.773% 09-14-2052	615,000	615	600
Curaleaf Holdings Inc. 8.00% 12-15-2026	380,000	487	425
Dollarama Inc. 5.084% 10-27-2025	634,000	632	635
Dream Industrial REIT 1.662% 12-22-2025	320,000	320	285
Dream Industrial REIT 2.057% 06-17-2027	2,920,000	2,919	2,530
Dream Industrial REIT 2.539% 12-07-2026	390,000	390	348
Dream Industrial REIT 3.968% 04-13-2026	190,000	190	180
Enbridge Gas Inc. 2.37% 08-09-2029	115,000	99	101
Enbridge Gas Inc. 3.20% 09-15-2051	620,000	566	452
Enbridge Gas Inc. 3.65% 04-01-2050	70,000	76	56
Enbridge Gas Inc. 4.55% 08-17-2052	444,000	443	413
Enbridge Inc. 3.10% 09-21-2033	6,001,000	5,929	4,865
Enbridge Inc. 5.375% 09-27-2077	1,798,000	1,852	1,643
Enbridge Inc. 6.625% 04-12-2078	290,000	335	279
Enbridge Pipelines Inc. 3.79% 08-17-2023	605,000	647	599
Enbridge Pipelines Inc. 4.33% 02-22-2049	310,000	325	250
Energir LP 4.67% 09-27-2032	460,000	460	457
EPCOR Utilities Inc. 1.299% 05-19-2023	100,000	100	99

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
EPCOR Utilities Inc. 3.554% 11-27-2047	421,000	432	338
EPCOR Utilities Inc. 4.725% 09-02-2052	620,000	620	603
Equitable Bank 1.774% 09-21-2023	373,000	373	363
Equitable Bank 1.876% 11-26-2025	3,944,000	3,938	3,534
Equitable Bank 3.362% 03-02-2026	445,000	445	414
Fairfax Financial Holdings Ltd. 3.95% 03-03-2031	1,687,000	1,627	1,479
Federation des Caisses Desjardins du Quebec 1.093% 01-21-2026	5,060,000	5,013	4,502
Federation des Caisses Desjardins du Quebec 1.587% 09-10-2026	396,000	396	352
Federation des Caisses Desjardins du Quebec 4.407% 05-19-2027	750,000	750	733
Federation des Caisses Desjardins du Quebec 5.035% 08-23-2032	1,300,000	1,300	1,265
Federation des Caisses Desjardins du Quebec 5.20% 10-01-2025	1,010,000	1,010	1,013
First National Financial Corp. 2.961% 11-17-2025	2,294,000	2,306	2,105
Ford Credit Canada Co. 2.961% 09-16-2026	280,000	280	246
Ford Credit Canada Co. 6.777% 09-15-2025	1,050,000	1,050	1,059
Fortified Trust 1.964% 10-23-2026	1,200,000	1,200	1,070
Fortified Trust 3.76% 06-23-2025	643,000	643	622
Fortis Inc. 4.431% 05-31-2029	760,000	760	739
FortisBC Energy Inc. 2.54% 07-13-2050	189,000	189	123
GFL Environmental Inc. 3.50% 09-01-2028 144A	2,000	2	2
Gibson Energy Inc. 3.60% 09-17-2029	339,000	362	304
Gibson Energy Inc. 5.25% 12-22-2030	522,000	522	445
Government of Canada 2.75% 08-01-2024	16,476,000	16,270	16,124
Granite REIT Holdings LP 2.194% 08-30-2028	842,000	827	714
Granite REIT Holdings LP 3.062% 06-04-2027	1,174,000	1,254	1,070
Greater Toronto Airports Authority 1.54% 05-03-2028	167,000	167	145
Greater Toronto Airports Authority 2.75% 10-17-2039	1,126,000	1,135	854
Greater Toronto Airports Authority 5.63% 06-07-2040	1,132,000	1,620	1,231
Greater Toronto Airports Authority 7.05% 06-12-2030	389,000	444	443
Greater Toronto Airports Authority 7.10% 06-04-2031	389,000	451	449
H&R REIT 2.633% 02-19-2027	530,000	531	470
H&R REIT 2.906% 06-02-2026	863,000	880	787
H&R REIT 4.071% 06-16-2025	675,000	728	649
Home Trust Co. 5.317% 06-13-2024	630,000	630	619
Honda Canada Finance Inc. 1.337% 03-17-2026	57,000	57	51
Honda Canada Finance Inc. 1.646% 02-25-2028	710,000	710	605
HSBC Bank Canada 3.403% 03-24-2025	1,080,000	1,079	1,046
Hydro One Inc. 2.23% 09-17-2031	543,000	543	451

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Hydro One Inc. 4.59% 10-09-2043	289,000	284	276
Hydro One Inc. 4.89% 03-13-2037	694,000	676	691
Hydro One Inc. 4.91% 01-27-2028	590,000	590	602
Hydro One Inc. 6.93% 06-01-2032	506,000	589	582
Hydro One Inc. 7.35% 06-03-2030	778,000	892	896
Hydro One Ltd. 1.41% 10-15-2027	366,000	367	318
iA Financial Corp. Inc. 2.40% 02-21-2025	256,000	260	239
Intact Financial Corp. 4.125% 03-31-2081	150,000	150	126
Intact Financial Corp. 5.459% 09-22-2032 144A	430,000	570	576
Inter Pipeline Ltd. 2.608% 09-13-2023	4,837,000	4,987	4,742
Inter Pipeline Ltd. 3.484% 12-16-2026	472,000	499	440
Inter Pipeline Ltd. 4.232% 06-01-2027	863,000	865	826
Inter Pipeline Ltd. 5.76% 02-17-2028	410,000	410	415
Inter Pipeline Ltd. 5.849% 05-18-2032	344,000	344	342
Inter Pipeline Ltd. 6.875% 03-26-2079	280,000	280	268
John Deere Financial Inc. 1.63% 04-09-2026	180,000	180	163
Keyera Corp. 3.959% 05-29-2030	686,000	734	621
Keyera Corp. 5.95% 03-10-2081	500,000	500	436
Kruger Packaging Holdings LP 6.00% 06-01-2026	204,000	220	197
Kruger Products LP 5.375% 04-09-2029	91,000	91	78
Laurentian Bank of Canada 1.15% 06-03-2024	450,000	450	423
Laurentian Bank of Canada 1.603% 05-06-2026	160,000	160	145
Laurentian Bank of Canada 4.60% 09-02-2025	780,000	780	764
Laurentian Bank of Canada 5.095% 06-15-2032	1,510,000	1,510	1,430
Loblaw Companies Ltd. 2.284% 05-07-2030	209,000	173	175
Loblaw Companies Ltd. 5.008% 09-13-2032	550,000	551	546
Loblaw Companies Ltd. 5.336% 09-13-2052	410,000	410	411
Lower Mattagami Energy LP 2.433% 05-14-2031	520,000	520	444
Lower Mattagami Energy LP 4.854% 10-31-2033	360,000	360	364
Manulife Bank of Canada 1.536% 09-14-2026	830,000	830	734
Manulife Bank of Canada 2.864% 02-16-2027	960,000	960	884
Manulife Financial Corp. 3.049% 08-20-2029	2,229,000	2,364	2,139
Manulife Financial Corp. 7.117% 06-19-2082	700,000	700	686
Mattamy Group Corp. 4.625% 03-01-2030 144A	33,000	36	37
MCAP Commercial LP 3.743% 08-25-2025	377,000	381	354
Metro Inc. 3.39% 12-06-2027	3,000,000	3,352	2,819
Morguard Corp. 4.402% 09-28-2023	475,000	475	464

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
National Bank of Canada 1.534% 06-15-2026	440,000	425	393
National Bank of Canada 1.573% 08-18-2026	125,000	125	114
National Bank of Canada 2.58% 02-03-2025	1,638,000	1,720	1,556
National Bank of Canada 2.983% 03-04-2024	1,413,000	1,508	1,377
National Bank of Canada 4.05% 08-15-2081	610,000	611	469
National Bank of Canada 4.30% 11-15-2025	853,000	852	770
National Bank of Canada 5.296% 11-03-2025	576,000	577	580
National Bank of Canada 5.426% 08-16-2032	1,280,000	1,280	1,266
North West Redwater Partnership 2.80% 06-01-2027	790,000	820	731
North West Redwater Partnership 3.20% 04-24-2026	1,623,000	1,732	1,543
North West Redwater Partnership 3.70% 02-23-2043	140,000	138	112
North West Redwater Partnership/NWR Financing Co. Ltd. 2.80% 06-01-2031	1,170,000	1,168	997
OMERS Finance Trust 2.60% 05-14-2029	583,000	635	534
OMERS Realty Corp. 3.628% 06-05-2030	24,000	28	22
Ontario Teachers' Finance Trust 4.45% 06-02-2032	650,000	648	660
Parkland Corp. of Canada 3.875% 06-16-2026	1,500,000	1,500	1,379
Parkland Corp. of Canada 4.375% 03-26-2029	2,080,000	2,080	1,786
Parkland Corp. of Canada 6.00% 06-23-2028	579,000	603	553
Pembina Pipeline Corp. 2.56% 06-01-2023	1,377,000	1,422	1,362
Pembina Pipeline Corp. 2.99% 01-22-2024	832,000	874	812
Pembina Pipeline Corp. 4.02% 03-27-2028	1,403,000	1,563	1,333
Pembina Pipeline Corp. 4.74% 01-21-2047	119,000	131	100
Pembina Pipeline Corp. 4.75% 03-26-2048	1,741,000	1,919	1,462
Pembina Pipeline Corp. 4.81% 03-25-2044	410,000	445	352
Prime Structured Mortgage Trust 1.856% 11-15-2024	640,000	640	601
Province of Quebec 4.40% 12-01-2055	12,181,000	12,374	12,617
PSP Capital Inc. 2.05% 01-15-2030	125,000	132	110
PSP Capital Inc. 2.60% 03-01-2032	890,000	887	791
Reliance LP 2.67% 08-01-2028	540,000	540	465
Reliance LP 2.68% 12-01-2027	500,000	511	440
Reliance LP 3.75% 03-15-2026	204,000	219	193
RioCan REIT 2.361% 03-10-2027	254,000	251	222
RioCan REIT 2.576% 02-12-2025	2,417,000	2,453	2,270
RioCan REIT 2.829% 11-08-2028	608,000	563	519
RioCan REIT 4.628% 05-01-2029	190,000	190	177
Rogers Communications Inc. 3.75% 04-15-2029	1,512,000	1,510	1,398

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Rogers Communications Inc. 5.25% 03-15-2082 144A	310,000	393	372
Rogers Communications Inc. 5.00% 12-17-2081	1,338,000	1,338	1,209
Rogers Communications Inc. 6.68% 11-04-2039	249,000	364	265
Royal Bank of Canada 2.088% 06-30-2030	157,000	161	144
Royal Bank of Canada 2.14% 11-03-2031	860,000	860	757
Royal Bank of Canada 2.328% 01-28-2027	1,251,000	1,126	1,130
Royal Bank of Canada 2.88% 12-23-2029	3,767,000	3,986	3,569
Royal Bank of Canada 3.369% 09-29-2025	1,609,000	1,566	1,542
Royal Bank of Canada 4.612% 07-26-2027	1,873,000	1,852	1,849
Royal Bank of Canada 5.235% 11-02-2026	1,149,000	1,152	1,159
Russel Metals Inc. 5.75% 10-27-2025	633,000	645	624
Sagen MI Canada Inc. 3.261% 03-05-2031	750,000	746	616
Sagen MI Canada Inc. 4.95% 03-24-2081	340,000	340	272
Shaw Communications Inc. 3.80% 11-02-2023	107,000	115	106
Shaw Communications Inc. 6.75% 11-09-2039	429,000	607	458
Sienna Senior Living Inc. 2.82% 03-31-2027	190,000	190	170
Summit Industrial Income REIT 1.82% 04-01-2026	313,000	313	279
Summit Industrial Income REIT 2.25% 01-12-2027	645,000	646	571
Summit Industrial Income REIT 2.44% 07-14-2028	493,000	487	423
Sun Life Financial Inc. 2.06% 10-01-2035	1,542,000	1,536	1,214
Sun Life Financial Inc. 2.38% 08-13-2029	1,303,000	1,356	1,238
Sun Life Financial Inc. 2.58% 05-10-2032	1,129,000	1,161	1,011
Sun Life Financial Inc. 2.80% 11-21-2033	1,200,000	1,200	1,048
Sun Life Financial Inc. 4.78% 08-10-2034	985,000	980	951
Suncor Energy Inc. 3.95% 03-04-2051	1,534,000	1,502	1,153
Superior Plus LP 4.25% 05-18-2028	870,000	865	758
Tamarack Valley Energy Ltd. 7.25% 05-10-2027	137,000	129	129
TELUS Corp. 2.05% 10-07-2030	1,275,000	1,228	1,025
TELUS Corp. 2.35% 01-27-2028	307,000	318	272
TELUS Corp. 3.15% 02-19-2030	161,000	171	142
TELUS Corp. 3.30% 05-02-2029	1,084,000	1,108	985
TELUS Corp. 5.25% 11-15-2032	489,000	487	487
Teranet Holdings LP 3.544% 06-11-2025	734,000	767	701
Teranet Holdings LP 3.719% 02-23-2029	1,270,000	1,270	1,153
The Bank of Nova Scotia 1.95% 01-10-2025	1,405,000	1,374	1,321
The Bank of Nova Scotia 2.95% 03-08-2027	1,325,000	1,262	1,225
The Bank of Nova Scotia 3.934% 05-03-2032	615,000	615	574

Tactical Bond Fund (PIM) SF558

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
The Bank of Nova Scotia 7.023% 07-27-2082	2,147,000	2,135	2,098
The Bank of Nova Scotia 5.50% 05-08-2026	911,000	911	925
The Empire Life Insurance Co. 3.625% 04-17-2026	234,000	234	187
The Independent Order of Foresters 2.885% 10-15-2035	907,000	908	745
The Toronto-Dominion Bank 1.888% 03-08-2028	1,911,000	1,911	1,647
The Toronto-Dominion Bank 1.943% 03-13-2025	2,721,000	2,806	2,549
The Toronto-Dominion Bank 2.26% 01-07-2027	529,000	529	477
The Toronto-Dominion Bank 2.667% 09-09-2025	2,026,000	1,932	1,908
The Toronto-Dominion Bank 3.06% 01-26-2032	1,914,000	2,017	1,741
The Toronto-Dominion Bank 3.105% 04-22-2030	1,113,000	1,072	1,055
The Toronto-Dominion Bank 4.21% 06-01-2027	1,123,000	1,122	1,091
The Toronto-Dominion Bank 4.68% 01-08-2029	820,000	820	808
The Toronto-Dominion Bank 5.376% 10-21-2027	690,000	690	702
The Toronto-Dominion Bank 7.283% 10-31-2082	1,070,000	1,070	1,064
Thomson Reuters Corp. 2.239% 05-14-2025	1,050,000	1,081	988
TMX Group Ltd. 2.016% 02-12-2031	279,000	279	225
Toronto Hydro Corp. 2.47% 10-20-2031	450,000	449	383
Toronto-Dominion Bank 4.34% 01-27-2026	3,570,000	3,525	3,501
Tourmaline Oil Corp. 2.077% 01-25-2028	204,000	204	177
Tourmaline Oil Corp. 2.529% 02-12-2029	300,000	300	260
Toyota Credit Canada Inc. 1.18% 02-23-2026	470,000	470	419
TransCanada PipeLines Ltd. 3.80% 04-05-2027	738,000	819	704
TransCanada PipeLines Ltd. 4.18% 07-03-2048	89,000	84	70
TransCanada PipeLines Ltd. Floating Rate 05-18-2077	2,094,000	2,124	1,874
TransCanada Trust 4.20% 03-04-2081	1,131,000	1,131	903
Transcontinental Inc. 2.667% 02-03-2025	200,000	189	188
Vancouver Airport Authority 1.76% 09-20-2030	27,000	27	22
Vancouver Airport Fuel Facilities Corp. 2.168% 06-23-2025	125,000	125	117
Ventas Canada Finance Ltd. 2.80% 04-12-2024	746,000	763	719
Videotron Ltd. 3.125% 01-15-2031	900,000	900	693
Videotron Ltd. 4.50% 01-15-2030	1,097,000	1,177	957
Videotron Ltd./Videotron Ltee 3.625% 06-15-2028	760,000	760	655
Waste Management of Canada Corp. 2.60% 09-23-2026	1,059,000	1,121	976
WSP Global Inc. 2.408% 04-19-2028	1,020,000	1,027	899
Total Corporate - Non-convertible		284,422	261,616

Tactical Bond Fund (PIM) SF558

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Convertible			
Columbia Care Inc. 6.00% 06-29-2025 Conv.	63,000	77	85
Total Corporate - Convertible		77	85
Mortgage Backed			
Scotia Capital Inc. 0.89% 09-01-2026	1,500,000	1,343	1,258
Total Mortgage Backed		1,343	1,258
Total Canadian Bonds		451,594	409,998
United States Bonds			
Federal Government			
United States Treasury 2.75% 08-15-2032	6,136,000	7,652	7,563
United States Treasury Inflation Index 0.125% 02-15-2052 Real Return	1,989,000	2,875	1,861
Total Federal Government		10,527	9,424
Corporate - Non-convertible			
Alexandria Real Estate Equities Inc. 2.00% 05-18-2032	129,000	164	134
Amazon.com Inc. 3.95% 04-13-2052	892,000	1,063	1,014
Amazon.com Inc. 4.70% 12-01-2032	1,070,000	1,453	1,440
Ashton Woods USA LLC/Ashton Woods Finance Co. 4.625% 04-01-2030 144A	15,000	19	16
AT&T Inc. 4.85% 05-25-2047	290,000	261	252
AT&T Inc. 5.10% 11-25-2048	887,000	899	797
AT&T Inc. Floating Rate 03-25-2024	300,000	375	404
Athene Global Funding 2.47% 06-09-2028	440,000	396	375
Athene Global Funding Floating Rate 04-09-2024	1,270,000	1,270	1,260
Bank of America Corp. 1.978% 09-15-2027	645,000	634	574
Bank of America Corp. 2.598% 04-04-2029	520,000	520	458
Bank of America Corp. 3.615% 03-16-2028	620,000	620	583
Charter Communications Operating LLC/Charter Communications Operating Capital Corp. 3.50% 06-01-2041	260,000	328	232
DIRECTV Holdings LLC/DIRECTV Financing Co. 5.875% 08-15-2027 144A	104,000	131	126
Ford Motor Co. 3.25% 02-12-2032	2,123,000	2,636	2,165
Go Daddy Operating Co. LLC/GD Finance Co. Inc. 3.50% 03-01-2029 144A	5,000	6	6
JPMorgan Chase & Co. 1.896% 03-05-2028	1,230,000	1,230	1,085

Tactical Bond Fund (PIM) SF558

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Bonds (continued)			
Corporate - Non-convertible (continued)			
Mastercard Inc. 1.90% 03-15-2031	250,000	315	275
McDonald's Corp. 3.125% 03-04-2025	460,000	498	444
Nestle Holdings Inc. 2.192% 01-26-2029	630,000	630	552
NextEra Energy Capital Holdings Inc. 1.90% 06-15-2028	360,000	433	418
Tenet Healthcare Corp. 4.375% 01-15-2030 144A	95,000	119	112
The Estee Lauder Companies Inc. 1.95% 03-15-2031	410,000	516	449
The Goldman Sachs Group Inc. 2.013% 02-28-2028	370,000	370	316
The Goldman Sachs Group Inc. 2.599% 11-30-2027	1,180,000	1,180	1,067
The Walt Disney Co. 3.057% 03-30-2027	2,331,000	2,468	2,168
T-Mobile USA Inc. 5.20% 01-15-2023	900,000	1,174	1,207
Univision Communications Inc. 4.50% 05-01-2029 144A	130,000	158	148
Verizon Communications Inc. 2.375% 03-22-2028	1,150,000	1,147	1,022
Verizon Communications Inc. 3.55% 03-22-2051	110,000	137	107
Verizon Communications Inc. Floating Rate 03-20-2026	380,000	476	504
Wells Fargo & Co. 2.975% 05-19-2026	350,000	378	326
Wells Fargo & Co. 3.90% 03-15-2026	235,000	299	279
Total Corporate - Non-convertible		22,303	20,315
Total United States Bonds		32,830	29,739
Global Bonds			
Australia			
Transurban Finance Co. Pty Ltd. 4.555% 11-14-2028	300,000	329	289
Austria			
Suzano Austria GmbH 2.50% 09-15-2028	420,000	526	479
British Virgin Islands			
Sino-Ocean Land Treasure IV Ltd. 4.75% 08-05-2029	200,000	103	151
Cayman Islands			
Agile Group Holdings Ltd. 5.75% 01-02-2025	700,000	757	509
Country Garden Holdings Co. Ltd. 5.625% 01-14-2030	220,000	63	159

Tactical Bond Fund (PIM) SF558

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Bonds (continued)			
Cayman Islands (continued)			
Kaisa Group Holdings Ltd. 10.50% 09-07-2022 ⁽¹⁾	500,000	356	95
Kaisa Group Holdings Ltd. 8.50% 06-30-2022 ⁽¹⁾	500,000	200	94
Kaisa Group Holdings Ltd. 8.65% 07-22-2022 ⁽¹⁾	200,000	91	38
Kaisa Group Holdings Ltd. 9.375% 06-30-2024	300,000	281	56
Logan Group Co. Ltd. 4.70% 07-06-2026	940,000	763	292
Chile			
Colbun SA 3.15% 01-19-2032	540,000	667	620
Interchile SA 4.50% 06-30-2056	260,000	331	294
Inversiones CMPC SA 3.00% 04-06-2031	410,000	512	467
Ireland			
Jazz Securities Designated Activity Co. 4.375% 01-15-2029 144A	200,000	250	243
Japan			
Renesas Electronics Corp. 1.543% 11-26-2024	480,000	605	596
Renesas Electronics Corp. 2.17% 11-25-2026	560,000	705	651
Toyota Motor Corp. 1.339% 03-25-2026	310,000	388	377
Jersey			
Heathrow Funding Ltd. 2.694% 10-13-2027	411,000	411	367
Heathrow Funding Ltd. 3.40% 03-08-2028	449,000	462	412
Heathrow Funding Ltd. 3.726% 04-13-2033	670,000	685	566
Heathrow Funding Ltd. 3.782% 09-04-2030	226,000	234	202
Luxembourg			
Aroundtown SA 4.625% 09-18-2025	588,000	618	550
Mexico			
America Movil SAB de CV 5.375% 04-04-2032	480,000	599	590
Becle SAB de CV 2.50% 10-14-2031	650,000	815	682
Netherlands			
NXP BV/NXP Funding LLC/NXP USA Inc. 2.65% 02-15-2032	220,000	281	233

⁽¹⁾ This security was past due as at December 31, 2022. The term-to-maturity for this security is disclosed as 1 year or less in the Interest Rate Risk note within the Notes to the Schedule of Investment Portfolio.

Tactical Bond Fund (PIM) SF558

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Bonds (continued)			
United Kingdom			
Anglian Water Services Financing PLC 4.525% 08-26-2032	490,000	490	466
National Grid Electricity Transmission PLC 2.301% 06-22-2029	880,000	880	750
Supra - National			
International Bank for Reconstruction and Development 0.00% 03-31-2027	750,000	893	894
International Bank for Reconstruction and Development 1.95% 09-20-2029	496,000	523	441
Total Global Bonds		13,818	11,563
Total Bonds		498,242	451,300
Canadian Common Stock			
Exchange Traded Funds			
BMO High Yield US Corporate Bond Hedged to CAD Index ETF	105,258	1,372	1,129
Mackenzie Canadian Aggregate Bond Index ETF *	82,000	7,394	7,364
Mackenzie Emerging Markets Local Currency Bond Index ETF *	166,069	14,449	13,007
Total Canadian Common Stock		23,215	21,500
Canadian Preferred Stock			
Communication Services			
BCE Inc. 2.75% Preferred	1,100	18	17
BCE Inc. 3.61% Preferred	5,540	86	97
BCE Inc. 4.13% Preferred	479	9	7
Consumer Staples			
Loblaw Companies Ltd. 5.30% Preferred	2,136	56	48
Energy			
TransAlta Corp. 4.027% Preferred	1,650	31	31
Financials			
Brookfield Corp. 4.80% Preferred Conv.	3,072	78	69

*The issuer of this security is a related company to the issuer of the Fund.

Tactical Bond Fund (PIM) SF558

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Preferred Stock (continued)			
Utilities			
Emera Inc. 4.25% Preferred	526	13	12
Emera Inc. 4.60% Preferred	6,000	150	103
TransAlta Corp. 2.709% Preferred	3,434	43	45
Total Canadian Preferred Stock		484	429
Global Common Stock			
Bermuda			
Brookfield Renewable Partners LP 5.00% Preferred	2,601	64	56
Total Global Common Stock		64	56
Total Stocks		23,763	21,985

Tactical Bond Fund (PIM) SF558

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, contracts, shares, par value or contract price)

As at December 31, 2022

Schedule of Derivative Contracts

Forward Currency Contracts

Contract Price	Settlement Date	Purchased Currency		Sold Currency		Unrealized Gain (Loss)	
		Currency	Value as at December 31	Currency	Value as at December 31		
1.3858	February 3, 2023	Canadian Dollar	9,293	United States Dollar	9,134	159	
1.3724	February 10, 2023	Canadian Dollar	334	United States Dollar	331	3	
1.3572	February 10, 2023	Canadian Dollar	1,157	United States Dollar	1,155	2	
						Derivatives - Assets	164
0.7361	January 13, 2023	United States Dollar	3,714	Canadian Dollar	3,727	(13)	
0.7279	January 13, 2023	United States Dollar	11,265	Canadian Dollar	11,431	(166)	
1.3158	January 13, 2023	Canadian Dollar	8,302	United States Dollar	8,480	(178)	
1.3136	January 13, 2023	Canadian Dollar	27,851	United States Dollar	28,484	(633)	
0.7256	January 20, 2023	United States Dollar	1,859	Canadian Dollar	1,892	(33)	
0.7256	January 20, 2023	United States Dollar	1,855	Canadian Dollar	1,888	(33)	
1.3289	February 3, 2023	Canadian Dollar	10,121	United States Dollar	10,261	(140)	
1.3296	February 17, 2023	Canadian Dollar	4,908	United States Dollar	4,973	(65)	
1.3262	February 24, 2023	Canadian Dollar	5,204	United States Dollar	5,283	(79)	
1.3261	February 24, 2023	Canadian Dollar	10,100	United States Dollar	10,254	(154)	
						Derivatives - Liabilities	(1,494)
Total Forward Currency Contracts							(1,330)

Futures Contracts

No. of Contracts	Average Contract Price	Futures Contracts	Maturity Date	Notional Amount	Price as at December 31	Unrealized Gain (Loss)	
(320)	CAD 119.46	EURO-BOBL FUTURE 03-31-2023	March 31, 2023	EUR 37,040	CAD 115.75	199	
(41)	CAD 147.88	JPN 10Y BOND (OSE) 03-31-2023	March 31, 2023	JPY 5,963,860	CAD 145.46	30	
						Derivatives - Assets	229
Total Futures Contracts							229

Total Derivative Instruments at Fair Value (1,101)

Transaction Costs (note 2) (7)

Total Investments 521,998 472,184

Tactical Bond Fund (PIM) SF558

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Tactical Bond Fund (PIM) SF558 (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2022 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2022

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ (1,524)	\$ 13,473	\$ 11,949	\$ 119
Other Currencies	—	(65)	(65)	—
Total	\$ (1,524)	\$ 13,408	\$ 11,884	\$ 119
As Percent of Net Assets Attributable to Contractholders			2.3%	

*Includes both monetary and non-monetary instruments

Tactical Bond Fund (PIM) SF558

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 2,091	\$ 237	\$ 2,328	\$ 23
Total	\$ 2,091	\$ 237	\$ 2,328	\$ 23

As Percent of Net Assets

Attributable to Contractholders

0.4%

*Includes both monetary and non-monetary instruments

D. Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Due to the nature of short-term fixed income securities with a remaining term-to-maturity of less than one year, these investments are not generally exposed to a significant risk that their value will fluctuate in response to changes in the prevailing levels of market interest rates. The risk is professionally managed at the security and fund level by the Company.

The table below summarizes the Fund's exposure to interest rate risk by remaining term-to-maturity.

2022

	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ 15,401	\$ 138,188	\$ 166,186	\$ 131,525	\$ 451,300

2021

	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ 12,054	\$ 161,915	\$ 143,715	\$ 145,556	\$ 463,240

As at December 31, 2022, had prevailing interest rates increased or decreased by 1% assuming a parallel shift in the yield curve, with all other variables held constant, net assets attributable to contractholders would have decreased or increased, respectively, by approximately \$33,156 (\$33,963 at December 31, 2021) or approximately 6.5% (6.3% at December 31, 2021). The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual results may differ and the difference could be significant.

E. Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt instruments includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt instruments represents the maximum credit risk exposure as at December 31, 2022. The amount of credit risk to any one issuer may be determined from the information reported in the Schedule of Investment Portfolio. The Fund may invest in short-term fixed income securities issued or guaranteed primarily by the Government of Canada or any Canadian provincial government, obligations of Canadian chartered banks or trust companies, and commercial paper with approved credit ratings. The risk of default on these short-term fixed income securities is considered low. The Company monitors credit risk and credit ratings on a regular basis. All new counterparties to financial instruments are subject to an approval process.

There was no change in fair values of financial liabilities as a result of changes in credit risks during 2022 or 2021.

All transactions in listed securities are settled and paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Tactical Bond Fund (PIM) SF558

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Credit Risk (continued)

Credit ratings disclosed below are obtained from independent rating agencies including DBRS, Standard & Poor's, Moody's Investors Service and Fitch Ratings. The lowest rating provided by the agencies is used.

Debt securities by credit rating are as follows:

	2022		2021	
	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)
AAA	3.8	3.3	12.6	10.9
AA	25.3	22.4	16.9	14.6
A	35.2	31.1	26.4	22.8
BBB	29.5	26.1	36.8	31.8
BB and lower	5.8	5.1	6.9	6.0
NR *	0.4	0.4	0.4	0.3
Total	100.0	88.4	100.0	86.4

*Bonds disclosed as NR are mortgage backed securities or privately placed bonds or bonds that have not been rated by a rating agency.

F. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2022, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$220 (\$417 at December 31, 2021) or approximately 0.0% (0.1% at December 31, 2021) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

Tactical Bond Fund (PIM) SF558

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

G. Fair Value Classification

The following table presents information about the Fund's assets and liabilities measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

	2022			
	Assets and Liabilities Measured at Fair Value			
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total
Bonds	\$ —	\$ 451,076	\$ 224	\$ 451,300
Stocks	21,985	—	—	21,985
Derivatives	229	164	—	393
Total assets measured at fair value	\$ 22,214	\$ 451,240	\$ 224	\$ 473,678
<u>Liabilities measured at fair value</u>				
Derivatives ⁽¹⁾	\$ —	\$ 1,494	\$ —	\$ 1,494
Net assets attributable to contractholders measured at fair value	\$ 22,214	\$ 449,746	\$ 224	\$ 472,184

⁽¹⁾ Excludes collateral pledged to counterparties of \$2,214.

	2021			
	Assets and Liabilities Measured at Fair Value			
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total
Bonds	\$ —	\$ 463,160	\$ 80	\$ 463,240
Stocks	41,677	—	—	41,677
Derivatives	—	182	—	182
Total assets measured at fair value	\$ 41,677	\$ 463,342	\$ 80	\$ 505,099
<u>Liabilities measured at fair value</u>				
Derivatives ⁽¹⁾	\$ 13	\$ 225	\$ —	\$ 238
Net assets attributable to contractholders measured at fair value	\$ 41,664	\$ 463,117	\$ 80	\$ 504,861

⁽¹⁾ Excludes collateral pledged to counterparties of \$1,181.

There were no significant transfers between Level 1 and Level 2 during 2022 or 2021.

Tactical Bond Fund (PIM) SF558

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

G. Fair Value Classification (continued)

The following table presents additional information about assets measured at fair value on a recurring basis and for which the Fund has utilized Level 3 inputs to determine fair value:

	2022	2021
	Bonds	Bonds
Balance, beginning of year	\$ 80	\$ —
Total gain (loss) included in net assets from operations attributable to contractholders	(7)	—
Purchases	151	—
Sales	—	—
Settlements	—	—
Transfers into Level 3	—	80
Transfers out of Level 3	—	—
Balance, end of year	\$ 224	\$ 80
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	\$ (7)	\$ —

Tactical Bond Fund (PIM) SF558

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category ⁽¹⁾

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	142,695	179,576	687,691	512,433	—	1,279	1,845	7,376	5,105	—
75/100 guarantee policy	472,909	278,443	341,010	42,143	—	4,232	2,858	3,655	420	—
100/100 guarantee policy	36,532	15,604	13,541	—	—	326	160	145	—	—
PS1 75/75 guarantee policy	97,373	57,864	25,319	15,018	—	891	603	274	150	—
PS1 75/100 guarantee policy	238,183	68,733	72,777	13,019	—	2,177	716	786	130	—
PS1 100/100 guarantee policy	97,509	3,199	3,199	—	—	888	33	35	—	—
PS2 75/75 guarantee policy	—	—	5,652	—	—	—	—	62	—	—
PS2 75/100 guarantee policy	27,330	29,835	31,713	—	—	261	321	348	—	—
PS 75/75 guarantee policy	3,267	2,677	—	—	—	30	28	—	—	—
PS 75/100 guarantee policy	50,840	35,397	27,571	—	—	463	368	297	—	—
PPS 75/100 guarantee policy	13,382	11,932	11,994	11,739	—	124	126	130	117	—

Net Assets Attributable to Contractholders Per Unit ⁽¹⁾ (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	8.97	10.28	10.73	9.96	—	(1.31)	(0.45)
75/100 guarantee policy	8.95	10.26	10.72	9.96	—	(1.31)	(0.46)
100/100 guarantee policy	8.93	10.25	10.71	—	—	(1.32)	(0.46)
PS1 75/75 guarantee policy	9.16	10.43	10.81	9.97	—	(1.27)	(0.38)
PS1 75/100 guarantee policy	9.14	10.41	10.80	9.97	—	(1.27)	(0.39)
PS1 100/100 guarantee policy	9.11	10.39	10.79	—	—	(1.28)	(0.40)
PS2 75/75 guarantee policy	—	—	10.98	—	—	—	—
PS2 75/100 guarantee policy	9.56	10.74	10.98	—	—	(1.18)	(0.24)
PS 75/75 guarantee policy	9.12	10.40	—	—	—	(1.28)	(0.39)
PS 75/100 guarantee policy	9.10	10.39	10.79	—	—	(1.29)	(0.40)
PPS 75/100 guarantee policy	9.30	10.54	10.87	9.98	—	(1.24)	(0.33)

⁽¹⁾ The Fund commenced on November 4, 2019 and as a result does not have comparative figures for the prior year.

Tactical Bond Fund (PIM) SF558

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Tactical Bond Fund (PIM) SF558

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Tactical Bond Fund (PIM) SF558

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Tactical Bond Fund (PIM) SF558

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Bonds and Stocks

Bonds and stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Tactical Bond Fund (PIM) SF558

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Derivatives

Derivatives are classified and measured at fair value. Derivatives are valued using market transactions and other market evidence whenever possible, including market based inputs to models, broker or dealer quotations or alternative pricing sources with reasonable levels of transparency. When models are used, the selection of a particular model to value a derivative depends on the contractual terms of, and specific risks inherent in, the instrument, as well as the availability of pricing information in the market. The Company generally uses similar models to value similar instruments. Valuation models require a variety of inputs, including contractual terms, market prices and rates, yield curves, credit curves, measures volatility, prepayment rates and correlations of such inputs.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Interest income on debt securities - included in the change in fair value of such investments and recorded on the accrual basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Tactical Bond Fund (PIM) SF558

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

Tactical Bond Fund (PIM) SF558

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Income Allocation

Net gain (loss) on investments, which includes dividend income, interest income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

Tactical Bond Fund (PIM) SF558

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Portfolio units are those units owned by the Asset Allocation Funds. Each Portfolio fund is represented by a separate category.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Tactical Bond Fund (PIM) SF558

Notes to the Financial Statements

(in Canadian \$ thousands)

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

The NAV per unit for group contractholders has not been shown because it will vary for each sub-class within the group contractholder class based on negotiated expense levels and other factors.

7. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative contracts, including forward currency, futures and equity swap contracts, are valued at the gain or loss that would arise as a result of closing the position at the reporting date. Options are recorded at fair value as at the reporting date. The Fund may use derivative contracts to hedge against losses caused by changes in securities prices, interest rates, exchange rates and/or other risks. The Fund may also use derivative contracts for non-hedging purposes in order to invest indirectly in financial markets or to gain exposure to other currencies, provided the use of such derivatives is consistent with the Fund's investment objectives and strategies. Foreign currency risk and exposure may be direct or indirect and can include all or a portion of the currency exposure of an existing investment or group of investments. Any such gain or loss on derivative contracts is recorded as part of net gain (loss) on investments.

As at the reporting date, the unrealized gain (loss) on derivative contracts is reflected on the Statement of Financial Position of the Fund.

The Fund manages derivative credit risk through collateral arrangements where required. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented by the Fund regarding the acceptability of types of collateral and the valuation parameters. The Fund Manager monitors the value of the collateral and requests additional collateral when needed.

Tactical Bond Fund (PIM) SF558

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Tactical Bond Fund (PIM) SF558

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.00	2.10	2.04	2.05	—
75/100 guarantee policy	2.07	2.14	2.09	2.10	—
100/100 guarantee policy	2.15	2.19	2.14	—	—
PS1 75/75 guarantee policy	1.37	1.39	1.37	1.37	—
PS1 75/100 guarantee policy	1.41	1.45	1.42	1.43	—
PS1 100/100 guarantee policy	1.54	1.57	1.52	—	—
PS 75/75 guarantee policy	1.43	1.51	—	—	—
PS 75/100 guarantee policy	1.52	1.58	1.54	—	—
PPS 75/100 guarantee policy	0.88	0.89	0.88	0.88	—

Portfolio Turnover Rate (%) ⁽²⁾⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	84.23	70.06	51.90	15.86	—

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

(3) The Fund commenced on November 4, 2019 and as a result does not have comparative figures for the prior year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

U.S. EQUITY FUND (LC) SF559

December 31, 2022

Independent Auditor's Report

To the Contractholders of U.S. Equity Fund (LC) SF559 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

U.S. Equity Fund (LC) SF559

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 1,852	\$ 816
Investment income due and accrued	11	18
Due from The Canada Life Assurance Company (note 7)	—	78
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	—	—
Stocks	19,531	26,635
Investment fund units	—	—
Total investments	19,531	26,635
Total assets	\$ 21,394	\$ 27,547
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	37	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	37	—
Net assets attributable to contractholders	\$ 21,357	\$ 27,547

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (5,166)	\$ 5,529
Miscellaneous income (loss)	(11)	10
Total income (loss)	(5,177)	5,539
Expenses		
Management fees (note 7)	415	283
Transaction costs	10	7
Withholding taxes	21	21
Other	46	33
Total expenses	492	344
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (5,669)	\$ 5,195

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year		
	\$ 27,547	\$ 11,574
Contractholder deposits	12,500	15,242
Contractholder withdrawals	(13,021)	(4,464)
Increase (decrease) in net assets from operations attributable to contractholders	(5,669)	5,195
Change in net assets attributable to contractholders	(6,190)	15,973
Net assets attributable to contractholders - end of year	\$ 21,357	\$ 27,547

U.S. Equity Fund (LC) SF559

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (5,669)	\$ 5,195
Adjustments		
Realized (gains) losses	1,524	(1,551)
Unrealized (gains) losses	3,839	(3,806)
Gross proceeds of disposition of investments	23,660	18,762
Gross payments for the purchase of investments	(21,919)	(28,938)
Change in investment income due and accrued	7	(16)
Change in due from/to The Canada Life Assurance Company	115	(56)
Change in due from/to brokers	—	—
Change in due from/to outside parties	—	—
	<u>1,557</u>	<u>(10,410)</u>
Financing Activities		
Contractholder deposits	12,500	15,242
Contractholder withdrawals	(13,021)	(4,464)
	<u>(521)</u>	<u>10,778</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	1,036	368
Cash, short-term deposits and overdrafts, beginning of year	816	448
Cash, short-term deposits and overdrafts, end of year	\$ 1,852	\$ 816
Supplementary cash flow information		
Dividend income received	\$ 198	\$ 156

U.S. Equity Fund (LC) SF559

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
United States Common Stock			
Communication Services			
Alphabet Inc. Class A	2,846	393	340
Consumer Discretionary			
Starbucks Corp.	6,176	698	829
Consumer Staples			
Costco Wholesale Corp.	1,021	651	631
PepsiCo Inc.	3,366	717	823
The Estee Lauder Companies Inc. Class A	1,669	526	561
The Procter & Gamble Co.	952	190	195
Exchange Traded Funds			
SPDR S&P 500 ETF Trust	776	409	402
Financials			
Nasdaq Inc.	4,683	327	389
The Progressive Corp.	3,351	561	588
Health Care			
Becton, Dickinson and Co.	2,113	688	727
Intuitive Surgical Inc.	463	129	166
Thermo Fisher Scientific Inc.	1,233	868	920
Industrials			
Danaher Corp.	2,829	939	1,017
Deere & Co.	704	340	409
Jacobs Solutions Inc.	4,259	729	692
Verisk Analytics Inc. Class A	1,100	275	263
Information Technology			
Amphenol Corp. Class A	8,367	751	862
Gartner Inc.	1,451	585	660
Keysight Technologies Inc.	3,731	724	864
Microsoft Corp.	1,894	599	615
ON Semiconductor Corp.	9,178	719	775
Roper Technologies Inc.	1,530	820	896

U.S. Equity Fund (LC) SF559

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
United States Common Stock (continued)			
Information Technology (continued)			
Synopsys Inc.	1,868	724	807
Total United States Common Stock		13,362	14,431
Global Common Stock			
France			
LVMH Moet Hennessy Louis Vuitton SE	205	209	202
Schneider Electric SA	1,791	347	339
Hong Kong			
Techtronic Industries Co. Ltd.	19,331	348	292
Ireland			
Accenture PLC Class A	2,156	809	779
Aon Corp.	2,855	911	1,160
Linde PLC	1,599	652	706
Steris PLC	2,021	535	505
Trane Technologies PLC	3,446	672	784
Switzerland			
Alcon Inc. ADR	3,591	323	333
Total Global Common Stock		4,806	5,100
Total Stocks		18,168	19,531
Transaction Costs (note 2)		(4)	
Total Investments		18,164	19,531

U.S. Equity Fund (LC) SF559

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the U.S. Equity Fund (LC) SF559 (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

U.S. Equity Fund (LC) SF559

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2022 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2022

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 18,698	\$ 192	\$ 18,890	\$ 189
Other Currencies	833	—	833	8
Total	\$ 19,531	\$ 192	\$ 19,723	\$ 197
As Percent of Net Assets Attributable to Contractholders			92.3%	0.9%

*Includes both monetary and non-monetary instruments

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 25,199	\$ 4	\$ 25,203	\$ 252
Other Currencies	1,436	—	1,436	14
Total	\$ 26,635	\$ 4	\$ 26,639	\$ 266
As Percent of Net Assets Attributable to Contractholders			96.7%	1.0%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2022, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$195 (\$266 at December 31, 2021) or approximately 0.9% (1.0% at December 31, 2021) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

U.S. Equity Fund (LC) SF559

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

<u>Assets measured at fair value</u>	2022			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 19,531	\$ —	\$ —	\$ 19,531
Total assets measured at fair value	\$ 19,531	\$ —	\$ —	\$ 19,531

<u>Assets measured at fair value</u>	2021			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 26,635	\$ —	\$ —	\$ 26,635
Total assets measured at fair value	\$ 26,635	\$ —	\$ —	\$ 26,635

There were no significant transfers between Level 1 and Level 2 during 2022 or 2021.

U.S. Equity Fund (LC) SF559

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category ⁽¹⁾

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	404,906	250,044	363,845	205,417	—	4,783	3,650	4,172	2,116	—
75/100 guarantee policy	493,500	410,057	207,655	38,349	—	5,790	5,957	2,375	395	—
100/100 guarantee policy	41,168	33,104	19,155	—	—	479	478	218	—	—
PS1 75/75 guarantee policy	202,957	104,609	28,948	12,595	—	2,433	1,542	334	130	—
PS1 75/100 guarantee policy	480,358	257,729	101,279	32,164	—	5,708	3,777	1,164	331	—
PS1 100/100 guarantee policy	84,169	13,996	5,596	—	—	988	203	64	—	—
PS2 75/75 guarantee policy	6,670	12,483	—	—	—	86	193	—	—	—
PS2 75/100 guarantee policy	26,944	25,200	3,776	—	—	347	390	45	—	—
PS 75/75 guarantee policy	7,469	4,889	6,659	—	—	91	73	77	—	—
PS 75/100 guarantee policy	10,009	10,414	877	—	—	122	155	10	—	—
PPS 75/75 guarantee policy	20,893	19,945	16,829	—	—	259	301	196	—	—
PPS 75/100 guarantee policy	21,997	13,255	4,006	1,332	—	271	199	47	14	—

Net Assets Attributable to Contractholders Per Unit ⁽¹⁾ (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	11.81	14.60	11.47	10.30	—	(2.79)	3.13
75/100 guarantee policy	11.73	14.53	11.44	10.30	—	(2.80)	3.09
100/100 guarantee policy	11.63	14.44	11.40	—	—	(2.81)	3.04
PS1 75/75 guarantee policy	11.99	14.74	11.53	10.31	—	(2.75)	3.21
PS1 75/100 guarantee policy	11.88	14.66	11.49	10.31	—	(2.78)	3.17
PS1 100/100 guarantee policy	11.74	14.53	11.44	—	—	(2.79)	3.09
PS2 75/75 guarantee policy	12.88	15.48	—	—	—	(2.60)	3.65
PS2 75/100 guarantee policy	12.88	15.48	11.83	—	—	(2.60)	3.65
PS 75/75 guarantee policy	12.23	14.95	11.61	—	—	(2.72)	3.34
PS 75/100 guarantee policy	12.15	14.88	11.58	—	—	(2.73)	3.30
PPS 75/75 guarantee policy	12.41	15.10	11.67	—	—	(2.69)	3.43
PPS 75/100 guarantee policy	12.31	15.01	11.64	10.32	—	(2.70)	3.37

⁽¹⁾ The Fund commenced on November 4, 2019 and as a result does not have comparative figures for the prior year.

U.S. Equity Fund (LC) SF559

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

U.S. Equity Fund (LC) SF559

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

U.S. Equity Fund (LC) SF559

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

U.S. Equity Fund (LC) SF559

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) **Stocks**

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

d) **Cash, Short-term Deposits and Overdrafts**

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

U.S. Equity Fund (LC) SF559

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

U.S. Equity Fund (LC) SF559

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

U.S. Equity Fund (LC) SF559

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

U.S. Equity Fund (LC) SF559

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

The NAV per unit for group contractholders has not been shown because it will vary for each sub-class within the group contractholder class based on negotiated expense levels and other factors.

U.S. Equity Fund (LC) SF559

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

U.S. Equity Fund (LC) SF559

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.73	2.75	2.70	2.70	—
75/100 guarantee policy	2.96	2.96	2.90	2.92	—
100/100 guarantee policy	3.23	3.24	3.20	—	—
PS1 75/75 guarantee policy	2.26	2.29	2.24	2.25	—
PS1 75/100 guarantee policy	2.54	2.55	2.51	2.52	—
PS1 100/100 guarantee policy	2.95	2.96	2.91	—	—
PS 75/75 guarantee policy	1.62	1.64	1.59	—	—
PS 75/100 guarantee policy	1.85	1.86	1.83	—	—
PPS 75/75 guarantee policy	1.17	1.17	1.14	—	—
PPS 75/100 guarantee policy	1.44	1.44	1.42	1.43	—

Portfolio Turnover Rate (%) ⁽²⁾⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	100.48	102.29	64.76	6.73	—

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

(3) The Fund commenced on November 4, 2019 and as a result does not have comparative figures for the prior year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
U.S. MID CAP EQUITY FUND (LC) SF560

December 31, 2022

Independent Auditor's Report

To the Contractholders of U.S. Mid Cap Equity Fund (LC) SF560 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

U.S. Mid Cap Equity Fund (LC) SF560

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 1,183	\$ 2,163
Investment income due and accrued	12	16
Due from The Canada Life Assurance Company (note 7)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	—	—
Stocks	29,362	34,759
Investment fund units	—	—
Total investments	29,362	34,759
Total assets	\$ 30,557	\$ 36,938
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	11	12
Due to brokers	—	205
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	11	217
Net assets attributable to contractholders	\$ 30,546	\$ 36,721

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (6,214)	\$ 4,552
Miscellaneous income (loss)	12	18
Total income (loss)	(6,202)	4,570
Expenses		
Management fees (note 7)	694	545
Transaction costs	11	11
Withholding taxes	27	31
Other	65	62
Total expenses	797	649
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (6,999)	\$ 3,921

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 36,721	\$ 9,811
Contractholder deposits	3,145	28,431
Contractholder withdrawals	(2,321)	(5,442)
Increase (decrease) in net assets from operations attributable to contractholders	(6,999)	3,921
Change in net assets attributable to contractholders	(6,175)	26,910
Net assets attributable to contractholders - end of year	\$ 30,546	\$ 36,721

U.S. Mid Cap Equity Fund (LC) SF560

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (6,999)	\$ 3,921
Adjustments		
Realized (gains) losses	101	(2,219)
Unrealized (gains) losses	6,333	(2,110)
Gross proceeds of disposition of investments	11,905	16,038
Gross payments for the purchase of investments	(12,942)	(37,247)
Change in investment income due and accrued	4	(8)
Change in due from/to The Canada Life Assurance Company	(1)	31
Change in due from/to brokers	(205)	205
Change in due from/to outside parties	—	—
	<u>(1,804)</u>	<u>(21,389)</u>
Financing Activities		
Contractholder deposits	3,145	28,431
Contractholder withdrawals	(2,321)	(5,442)
	<u>824</u>	<u>22,989</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(980)	1,600
Cash, short-term deposits and overdrafts, beginning of year	2,163	563
Cash, short-term deposits and overdrafts, end of year	\$ 1,183	\$ 2,163
Supplementary cash flow information		
Dividend income received	\$ 207	\$ 215

U.S. Mid Cap Equity Fund (LC) SF560

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock			
Consumer Discretionary			
Bright Horizons Family Solutions Inc.	11,277	1,697	963
Carter's Inc.	10,489	1,227	1,059
Frontdoor Inc.	26,486	1,501	746
Petco Health and Wellness Co. Inc.	54,601	1,204	701
Financials			
First Republic Bank	1,745	365	288
Markel Corp.	606	873	1,081
Signature Bank	2,793	565	436
The Progressive Corp.	9,215	1,143	1,617
Health Care			
Amedisys Inc.	5,202	943	588
Charles River Laboratories International Inc.	4,598	1,621	1,356
Dentsply Sirona Inc.	21,481	1,406	926
DexCom Inc.	7,197	733	1,103
Premier Inc.	20,850	931	987
Syneos Health Inc.	10,003	936	497
Techne Corp.	11,077	1,302	1,243
Industrials			
CoStar Group Inc.	12,464	1,186	1,304
Equifax Inc.	2,811	710	740
Wabtec Corp.	10,718	1,123	1,448
Information Technology			
Akamai Technologies Inc.	9,641	1,289	1,100
Alteryx Inc.	15,218	1,327	1,044
Broadridge Financial Solutions Inc.	5,066	991	920
Cirrus Logic Inc.	13,240	1,353	1,335
Dolby Laboratories Inc.	6,163	701	589
Keysight Technologies Inc.	5,210	989	1,207
MAXIMUS Inc.	11,893	1,211	1,181
Motorola Solutions Inc.	4,442	1,122	1,550
SS&C Technologies Holdings Inc.	12,657	1,075	892
Teradyne Inc.	2,738	366	324

U.S. Mid Cap Equity Fund (LC) SF560

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
United States Common Stock (continued)			
Information Technology (continued)			
Vontier Corp.	31,298	1,235	819
Total United States Common Stock		31,125	28,044
Global Common Stock			
Bermuda			
Genpact Ltd.	7,786	443	488
Ireland			
Allegion PLC	5,825	854	830
Total Global Common Stock		1,297	1,318
Total Stocks		32,422	29,362
Transaction Costs (note 2)		(12)	
Total Investments		32,410	29,362

U.S. Mid Cap Equity Fund (LC) SF560

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the U.S. Mid Cap Equity Fund (LC) SF560 (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

U.S. Mid Cap Equity Fund (LC) SF560

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2022 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2022

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 29,362	\$ 3	\$ 29,365	\$ 294
Total	\$ 29,362	\$ 3	\$ 29,365	\$ 294
As Percent of Net Assets Attributable to Contractholders			96.1%	1.0%

*Includes both monetary and non-monetary instruments

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 34,759	\$ 85	\$ 34,844	\$ 348
Total	\$ 34,759	\$ 85	\$ 34,844	\$ 348
As Percent of Net Assets Attributable to Contractholders			94.9%	0.9%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2022, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$294 (\$348 at December 31, 2021) or approximately 1.0% (0.9% at December 31, 2021) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

U.S. Mid Cap Equity Fund (LC) SF560

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

<u>Assets measured at fair value</u>	2022			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 29,362	\$ —	\$ —	\$ 29,362
Total assets measured at fair value	\$ 29,362	\$ —	\$ —	\$ 29,362

<u>Assets measured at fair value</u>	2021			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 34,759	\$ —	\$ —	\$ 34,759
Total assets measured at fair value	\$ 34,759	\$ —	\$ —	\$ 34,759

There were no significant transfers between Level 1 and Level 2 during 2022 or 2021.

U.S. Mid Cap Equity Fund (LC) SF560

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category ⁽¹⁾

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	399,131	287,750	280,905	201,481	—	4,565	4,112	3,245	2,055	—
75/100 guarantee policy	857,354	897,046	259,082	48,933	—	9,704	12,726	2,982	499	—
100/100 guarantee policy	19,618	15,912	7,824	2,467	—	219	224	90	25	—
PS1 75/75 guarantee policy	374,485	382,368	22,130	2,364	—	4,353	5,525	257	24	—
PS1 75/100 guarantee policy	618,886	625,055	130,656	22,115	—	7,132	8,977	1,513	226	—
PS1 100/100 guarantee policy	15,353	20,071	—	—	—	175	285	—	—	—
PS2 75/75 guarantee policy	31,919	56,368	52,186	—	—	399	856	623	—	—
PS2 75/100 guarantee policy	120,207	85,362	984	—	—	1,503	1,297	12	—	—
PS 75/75 guarantee policy	25,340	18,939	6,132	—	—	300	277	72	—	—
PS 75/100 guarantee policy	34,872	15,548	9,619	314	—	409	226	112	3	—
PPS 75/75 guarantee policy	70,905	58,019	4,261	—	—	854	858	50	—	—
PPS 75/100 guarantee policy	76,472	62,000	1,377	—	—	912	912	16	—	—
PPS 100/100 guarantee policy	1,778	30,616	—	—	—	21	446	—	—	—

Net Assets Attributable to Contractholders Per Unit ⁽¹⁾ (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	11.44	14.29	11.55	10.20	—	(2.85)	2.74
75/100 guarantee policy	11.32	14.19	11.51	10.19	—	(2.87)	2.68
100/100 guarantee policy	11.17	14.06	11.45	10.19	—	(2.89)	2.61
PS1 75/75 guarantee policy	11.62	14.45	11.62	10.21	—	(2.83)	2.83
PS1 75/100 guarantee policy	11.52	14.36	11.58	10.20	—	(2.84)	2.78
PS1 100/100 guarantee policy	11.36	14.23	—	—	—	(2.87)	2.71
PS2 75/75 guarantee policy	12.50	15.19	11.93	—	—	(2.69)	3.26
PS2 75/100 guarantee policy	12.50	15.19	11.93	—	—	(2.69)	3.26
PS 75/75 guarantee policy	11.84	14.63	11.70	—	—	(2.79)	2.93
PS 75/100 guarantee policy	11.72	14.53	11.66	10.21	—	(2.81)	2.87
PPS 75/75 guarantee policy	12.04	14.80	11.77	—	—	(2.76)	3.03
PPS 75/100 guarantee policy	11.93	14.71	11.73	—	—	(2.78)	2.98
PPS 100/100 guarantee policy	11.77	14.57	—	—	—	(2.80)	2.90

⁽¹⁾ The Fund commenced on November 4, 2019 and as a result does not have comparative figures for the prior year.

U.S. Mid Cap Equity Fund (LC) SF560

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

U.S. Mid Cap Equity Fund (LC) SF560

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

U.S. Mid Cap Equity Fund (LC) SF560

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

U.S. Mid Cap Equity Fund (LC) SF560

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) **Stocks**

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

d) **Cash, Short-term Deposits and Overdrafts**

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

U.S. Mid Cap Equity Fund (LC) SF560

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

U.S. Mid Cap Equity Fund (LC) SF560

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

U.S. Mid Cap Equity Fund (LC) SF560

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

U.S. Mid Cap Equity Fund (LC) SF560

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

The NAV per unit for group contractholders has not been shown because it will vary for each sub-class within the group contractholder class based on negotiated expense levels and other factors.

U.S. Mid Cap Equity Fund (LC) SF560

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

U.S. Mid Cap Equity Fund (LC) SF560

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.80	2.85	2.81	2.81	—
75/100 guarantee policy	3.14	3.19	3.12	3.14	—
100/100 guarantee policy	3.55	3.63	3.56	3.57	—
PS1 75/75 guarantee policy	2.30	2.34	2.29	2.30	—
PS1 75/100 guarantee policy	2.57	2.62	2.58	2.58	—
PS1 100/100 guarantee policy	3.01	3.07	—	—	—
PS 75/75 guarantee policy	1.71	1.73	1.70	—	—
PS 75/100 guarantee policy	2.03	2.07	2.03	2.05	—
PPS 75/75 guarantee policy	1.20	1.21	1.20	—	—
PPS 75/100 guarantee policy	1.47	1.50	1.48	—	—
PPS 100/100 guarantee policy	1.97	1.95	—	—	—

Portfolio Turnover Rate (%) ⁽²⁾⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	39.86	71.94	68.11	8.30	—

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

(3) The Fund commenced on November 4, 2019 and as a result does not have comparative figures for the prior year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
GLOBAL LOW VOL FUND (ILIM) SF561

December 31, 2022

Independent Auditor's Report

To the Contractholders of Global Low Vol Fund (ILIM) SF561 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Global Low Vol Fund (ILIM) SF561

(in Canadian \$ thousands)

Fund Manager: Irish Life Investment Managers Limited (ILIM)

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 66	\$ 87
Investment income due and accrued	4	4
Due from The Canada Life Assurance Company (note 7)	43	3
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	—	—
Stocks	5,214	5,558
Investment fund units	—	—
Total investments	5,214	5,558
Total assets	\$ 5,327	\$ 5,652
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 5,327	\$ 5,652

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (81)	\$ 1,158
Miscellaneous income (loss)	2	3
Total income (loss)	(79)	1,161
Expenses		
Management fees (note 7)	116	189
Transaction costs	2	2
Withholding taxes	17	23
Other	15	24
Total expenses	150	238
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (229)	\$ 923

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 5,652	\$ 7,358
Contractholder deposits	2,248	1,258
Contractholder withdrawals	(2,344)	(3,887)
Increase (decrease) in net assets from operations attributable to contractholders	(229)	923
Change in net assets attributable to contractholders	(325)	(1,706)
Net assets attributable to contractholders - end of year	\$ 5,327	\$ 5,652

Global Low Vol Fund (ILIM) SF561

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (229)	\$ 923
Adjustments		
Realized (gains) losses	(191)	(640)
Unrealized (gains) losses	396	(346)
Gross proceeds of disposition of investments	4,783	7,033
Gross payments for the purchase of investments	(4,644)	(4,429)
Change in investment income due and accrued	—	2
Change in due from/to The Canada Life Assurance Company	(40)	(1)
Change in due from/to brokers	—	—
Change in due from/to outside parties	—	—
	<u>75</u>	<u>2,542</u>
Financing Activities		
Contractholder deposits	2,248	1,258
Contractholder withdrawals	(2,344)	(3,887)
	<u>(96)</u>	<u>(2,629)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(21)	(87)
Cash, short-term deposits and overdrafts, beginning of year	87	174
Cash, short-term deposits and overdrafts, end of year	\$ 66	\$ 87
Supplementary cash flow information		
Dividend income received	\$ 123	\$ 174

Global Low Vol Fund (ILIM) SF561

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock			
Energy			
Hydro One Ltd.	814	26	30
Financials			
Manulife Financial Corp.	2,679	62	65
Materials			
Franco-Nevada Corp.	129	21	24
West Fraser Timber Co. Ltd.	344	39	34
Total Canadian Common Stock		148	153
United States Common Stock			
Communication Services			
Activision Blizzard Inc.	636	64	66
Alphabet Inc. Class A	371	46	44
AT&T Inc.	1,353	42	34
Paramount Global	341	14	8
Verizon Communications Inc.	1,231	80	66
Consumer Discretionary			
Amazon.com Inc.	198	33	23
AutoZone Inc.	20	42	67
Best Buy Co. Inc.	193	18	21
Dollar General Corp.	49	14	16
Lowe's Companies Inc.	127	32	34
O'Reilly Automotive Inc.	56	44	64
Target Corp.	95	18	19
The Home Depot Inc.	152	62	65
Consumer Staples			
Colgate Palmolive Co.	622	60	66
CVS Health Corp.	51	5	6
General Mills Inc.	97	8	11
Kimberly-Clark Corp.	189	33	35
PepsiCo Inc.	266	52	65
The Kroger Co.	1,013	50	61
The Procter & Gamble Co.	331	57	68

Global Low Vol Fund (ILIM) SF561

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock (continued)			
Consumer Staples (continued)			
Walmart Inc.	340	63	65
Energy			
Chevron Corp.	252	62	61
ConocoPhillips	354	51	57
EOG Resources Inc.	318	46	56
Exxon Mobil Corp.	416	45	62
Kinder Morgan Inc.	629	14	15
Marathon Petroleum Corp.	391	62	62
Texas Pacific Land Corp.	7	25	22
Exchange Traded Funds			
Vanguard FTSE Developed Markets ETF	1,118	61	64
Vanguard S&P 500 ETF	192	91	91
Financials			
Aflac Inc.	501	39	49
Northern Trust Corp.	411	54	49
PNC Financial Services Group Inc.	288	63	62
Regions Financial Corp.	2,060	57	60
The Bank of New York Mellon Corp.	1,083	60	67
Health Care			
AbbVie Inc.	83	14	18
AmerisourceBergen Corp.	294	53	66
Amgen Inc.	165	49	59
Bristol-Myers Squibb Co.	617	55	60
Cardinal Health Inc.	627	45	65
Cigna Corp.	154	63	69
Elevance Health Inc.	57	36	40
Gilead Sciences Inc.	385	33	45
Johnson & Johnson Inc.	274	64	66
McKesson Corp.	130	35	66
Merck & Co. Inc.	469	51	70
Pfizer Inc.	676	41	47
Quest Diagnostics Inc.	112	20	24
Regeneron Pharmaceuticals Inc.	53	42	52

Global Low Vol Fund (ILIM) SF561

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
United States Common Stock (continued)			
Health Care (continued)			
UnitedHealth Group Inc.	91	58	65
Vertex Pharmaceuticals Inc.	60	20	23
Industrials			
Expeditors International of Washington Inc.	378	48	53
Owens Corning	188	23	22
United Parcel Service Inc. (UPS) Class B	61	14	14
Information Technology			
Apple Inc.	598	85	104
Arrow Electronics Inc.	278	41	39
Automatic Data Processing Inc.	91	27	29
Cisco Systems Inc.	1,054	62	68
Cognizant Technology Solutions Corp.	100	10	8
Electronic Arts Inc.	88	14	15
HP Inc.	200	8	7
IBM Corp.	211	35	40
Intel Corp.	1,023	65	37
Jack Henry & Associates Inc.	37	8	9
Microsoft Corp.	262	72	85
Oracle Corp.	50	4	6
The Western Union Co.	3,103	61	58
Visa Inc. Class A	227	58	64
Real Estate			
CBRE Group Inc. Class A	491	52	51
Public Storage REIT	147	51	56
Weyerhaeuser Co.	1,459	71	61
Utilities			
Exelon Corp.	192	9	11
UGI Corp.	622	33	31
Total United States Common Stock		3,097	3,384

Global Low Vol Fund (ILIM) SF561

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Global Common Stock			
Belgium			
Colruyt SA	503	25	16
Bermuda			
Bunge Ltd.	62	8	8
Cayman Islands			
CK Asset Holdings Ltd.	7,500	63	62
Denmark			
A.P. Moller - Maersk AS Class B	3	8	9
Finland			
Nokia OYJ	2,297	15	14
France			
Carrefour SA	2,585	61	59
Orange SA	434	6	6
TotalEnergies SE	175	13	15
Germany			
Covestro AG	617	34	33
Fresenius Medical Care AG & Co. KGaA	405	20	18
Henkel AG & Co. KGaA Preferred	330	30	31
Hong Kong			
Hong Kong Exchanges and Clearing Ltd.	1,200	63	70
Link REIT	1,424	17	14
Sino Land Co. Ltd.	10,000	18	17
Sun Hung Kai Properties Ltd.	2,500	42	46
Swire Properties Ltd.	2,400	7	8
Ireland			
Accenture PLC Class A	140	50	51
Israel			
Bank Hapoalim BM	4,858	52	59
Check Point Software Technologies Ltd.	75	11	13

Global Low Vol Fund (ILIM) SF561

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Global Common Stock (continued)			
Israel (continued)			
Israel Discount Bank	1,250	10	9
Mizrahi Tefahot Bank Ltd.	1,218	57	53
Italy			
Eni SPA	346	7	7
Japan			
Brother Industries Ltd.	2,100	48	44
Canon Inc.	1,000	30	29
Dai Nippon Printing Co. Ltd.	800	23	22
Daito Trust Construction Co. Ltd.	500	65	70
KDDI Corp.	1,200	46	49
Medipal Holdings Corp.	2,100	39	38
MEIJI Holdings Co. Ltd.	700	50	49
Mitsubishi Electric Corp.	500	8	7
SECOM Co. Ltd.	700	67	55
Seiko Epson Corp.	2,800	56	56
Subaru Corp.	1,200	28	25
Taisei Corp.	1,000	42	44
Toppan Inc.	1,300	26	26
Tosoh Corp.	300	5	5
Netherlands			
Koninklijke Ahold Delhaize NV	1,649	59	64
LyondellBasell Industries NV Class A	55	6	6
Stellantis NV	520	10	10
Norway			
Equinor ASA	949	45	46
Singapore			
Venture Corp. Ltd.	1,700	28	29
Spain			
Red Electrica Corp. SA	1,535	37	36
Telefonica SA	2,454	13	12

Global Low Vol Fund (ILIM) SF561

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock (continued)			
Sweden			
Investor AB	2,572	59	63
Switzerland			
Geberit AG	57	44	36
Julius Baer Group Ltd.	85	6	7
Nestle SA	333	49	52
Novartis AG	566	63	69
Roche Holding AG Genussscheine	128	55	54
Swisscom AG	37	26	27
United Kingdom			
3i Group PLC	382	8	8
GSK PLC	897	30	21
Total Global Common Stock		1,688	1,677
Total Stocks		4,933	5,214
Transaction Costs (note 2)		(1)	
Total Investments		4,932	5,214

Global Low Vol Fund (ILIM) SF561

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Global Low Vol Fund (ILIM) SF561 (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

Global Low Vol Fund (ILIM) SF561

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2022 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2022

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 3,462	\$ 2	\$ 3,464	\$ 35
Japanese Yen	519	—	519	5
Euro	321	—	321	3
Other Currencies	759	3	762	8
Total	\$ 5,061	\$ 5	\$ 5,066	\$ 51
As Percent of Net Assets Attributable to Contractholders			95.1%	1.0%

*Includes both monetary and non-monetary instruments

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 3,779	\$ 4	\$ 3,783	\$ 38
Japanese Yen	513	—	513	5
Swiss Franc	342	—	342	3
Other Currencies	745	5	750	8
Total	\$ 5,379	\$ 9	\$ 5,388	\$ 54
As Percent of Net Assets Attributable to Contractholders			95.3%	1.0%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2022, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$52 (\$56 at December 31, 2021) or approximately 1.0% (1.0% at December 31, 2021) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

Global Low Vol Fund (ILIM) SF561

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

<u>Assets measured at fair value</u>	2022			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 5,092	\$ 122	\$ —	\$ 5,214
Total assets measured at fair value	\$ 5,092	\$ 122	\$ —	\$ 5,214

<u>Assets measured at fair value</u>	2021			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 4,323	\$ 1,235	\$ —	\$ 5,558
Total assets measured at fair value	\$ 4,323	\$ 1,235	\$ —	\$ 5,558

In accordance with the Fund's valuation policy, the Fund applies fair value adjustment factors to the quoted market prices for certain non-North American equities when North American intraday stock market movements exceed predetermined tolerances. The adjustment factors are applied in order to estimate the impact on fair values of events occurring between the close of the non-North American stock markets and the close of business for the Fund. If fair value adjustment factors are applied, non-North American equities are classified as Level 2. Consequently, non-North American equities are frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices). As at December 31, 2022, these securities were classified as Level 2 (Level 2 at December 31, 2021).

Global Low Vol Fund (ILIM) SF561

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Seed money units, as described in note 7 c), are allocated to each category and are not included on this page.

Net Assets Attributable to Contractholders by Category ⁽¹⁾

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	62,064	209,994	532,118	510,819	—	676	2,409	5,366	5,212	—
75/100 guarantee policy	172,202	120,939	102,312	17,744	—	1,867	1,383	1,030	181	—
100/100 guarantee policy	8,747	12,736	12,831	4,284	—	94	144	129	44	—
PS1 75/75 guarantee policy	52,069	26,024	14,855	8,572	—	576	302	150	88	—
PS1 75/100 guarantee policy	136,909	81,934	44,785	1,011	—	1,503	945	453	10	—
PS1 100/100 guarantee policy	11,390	9,910	246	—	—	124	113	2	—	—
PS2 75/75 guarantee policy	1,075	126	—	—	—	13	2	—	—	—
PS2 75/100 guarantee policy	21,997	12,302	10,922	—	—	263	150	114	—	—
PS 75/75 guarantee policy	393	625	474	—	—	4	7	5	—	—
PS 75/100 guarantee policy	7,254	5,437	6,122	—	—	81	64	62	—	—
PPS 75/75 guarantee policy	1,972	2,117	2,211	—	—	23	25	23	—	—
PPS 75/100 guarantee policy	9,063	9,155	2,396	3,673	—	103	108	24	37	—

Net Assets Attributable to Contractholders Per Unit ⁽¹⁾ (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	10.90	11.47	10.08	10.20	—	(0.57)	1.39
75/100 guarantee policy	10.84	11.43	10.07	10.20	—	(0.59)	1.36
100/100 guarantee policy	10.71	11.34	10.02	10.19	—	(0.63)	1.32
PS1 75/75 guarantee policy	11.06	11.59	10.14	10.21	—	(0.53)	1.45
PS1 75/100 guarantee policy	10.98	11.53	10.11	10.21	—	(0.55)	1.42
PS1 100/100 guarantee policy	10.86	11.45	10.07	—	—	(0.59)	1.38
PS2 75/75 guarantee policy	11.95	12.21	—	—	—	(0.26)	1.79
PS2 75/100 guarantee policy	11.95	12.21	10.42	—	—	(0.26)	1.79
PS 75/75 guarantee policy	11.29	11.75	10.21	—	—	(0.46)	1.54
PS 75/100 guarantee policy	11.23	11.71	10.19	—	—	(0.48)	1.52
PPS 75/75 guarantee policy	11.45	11.87	10.27	—	—	(0.42)	1.60
PPS 75/100 guarantee policy	11.37	11.81	10.24	10.22	—	(0.44)	1.57

⁽¹⁾ The Fund commenced on November 4, 2019 and as a result does not have comparative figures for the prior year.

Global Low Vol Fund (ILIM) SF561

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Global Low Vol Fund (ILIM) SF561

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Global Low Vol Fund (ILIM) SF561

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Global Low Vol Fund (ILIM) SF561

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) **Stocks**

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

d) **Cash, Short-term Deposits and Overdrafts**

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Global Low Vol Fund (ILIM) SF561

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Global Low Vol Fund (ILIM) SF561

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Global Low Vol Fund (ILIM) SF561

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Global Low Vol Fund (ILIM) SF561

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

The NAV per unit for group contractholders has not been shown because it will vary for each sub-class within the group contractholder class based on negotiated expense levels and other factors.

Global Low Vol Fund (ILIM) SF561

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Company deposited seed money in the Fund at the time of its introduction. The fair value of all remaining seed money, which is included in option S1R category, at December 31, 2022 is nil (\$1,947 at December 31, 2021).
- d) The Fund invests in assets or underlying funds managed by Irish Life Investment Managers Limited. All investment transactions with the corresponding underlying funds are at quoted market prices.

Global Low Vol Fund (ILIM) SF561

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.99	2.95	2.87	2.87	—
75/100 guarantee policy	3.08	3.10	3.01	3.02	—
100/100 guarantee policy	3.48	3.49	3.38	3.40	—
PS1 75/75 guarantee policy	2.45	2.46	2.41	2.41	—
PS1 75/100 guarantee policy	2.68	2.69	2.61	2.63	—
PS1 100/100 guarantee policy	3.02	3.04	2.96	—	—
PS 75/75 guarantee policy	1.81	1.81	1.76	—	—
PS 75/100 guarantee policy	1.97	1.97	1.93	—	—
PPS 75/75 guarantee policy	1.35	1.35	1.30	—	—
PPS 75/100 guarantee policy	1.57	1.56	1.54	1.54	—

Portfolio Turnover Rate (%) ⁽²⁾⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	96.29	60.96	65.74	34.13	—

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

(3) The Fund commenced on November 4, 2019 and as a result does not have comparative figures for the prior year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
AMERICAN EQUITY FUND (BG) SF562

December 31, 2022

Independent Auditor's Report

To the Contractholders of American Equity Fund (BG) SF562 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

American Equity Fund (BG) SF562

(in Canadian \$ thousands)

Fund Manager: Beutel, Goodman & Company Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 249	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	330	122
Due from brokers	—	68
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	120,868	90,840
Total investments	120,868	90,840
Total assets	\$ 121,447	\$ 91,030
Liabilities		
Overdrafts	\$ —	\$ 17
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	254	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	254	17
Net assets attributable to contractholders	\$ 121,193	\$ 91,013

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ 10,110	\$ 8,569
Miscellaneous income (loss)	—	—
Total income (loss)	10,110	8,569
Expenses		
Management fees (note 8)	600	340
Other	72	43
Total expenses	672	383
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 9,438	\$ 8,186

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 91,013	\$ 38,236
Contractholder deposits	31,233	50,355
Contractholder withdrawals	(10,491)	(5,764)
Increase (decrease) in net assets from operations attributable to contractholders	9,438	8,186
Change in net assets attributable to contractholders	30,180	52,777
Net assets attributable to contractholders - end of year	\$ 121,193	\$ 91,013

American Equity Fund (BG) SF562

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 9,438	\$ 8,186
Adjustments		
Realized (gains) losses	143	(231)
Unrealized (gains) losses	(3,390)	3,214
Gross proceeds of disposition of investments	3,278	4,406
Gross payments for the purchase of investments	(23,196)	(48,519)
Distribution income of underlying mutual fund	(6,863)	(11,552)
Change in due from/to The Canada Life Assurance Company	(208)	(120)
Change in due from/to brokers	322	(114)
	<u>(20,476)</u>	<u>(44,730)</u>
Financing Activities		
Contractholder deposits	31,233	50,355
Contractholder withdrawals	(10,491)	(5,764)
	<u>20,742</u>	<u>44,591</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	266	(139)
Cash, short-term deposits and overdrafts, beginning of year	<u>(17)</u>	<u>122</u>
Cash, short-term deposits and overdrafts, end of year	<u><u>\$ 249</u></u>	<u><u>\$ (17)</u></u>

American Equity Fund (BG) SF562

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Beutel Goodman American Equity Fund Class I	6,580,939	123,471	120,868
Total Investments		123,471	120,868

Top 25 Holdings

Security Description	% of Total
Omnicom Group Inc.	5.05%
Amdocs Ltd.	4.82%
Amgen Inc.	4.69%
Harley-Davidson Inc.	4.39%
Kimberly-Clark Corp.	4.22%
Campbell Soup Co.	4.13%
Kellogg Co.	3.94%
Biogen Inc.	3.81%
Gen Digital Inc.	3.57%
Wabtec Corp.	3.42%
American Express Co.	3.37%
The Interpublic Group of Companies Inc.	3.35%
SEI Investments Co.	3.30%
BlackRock Inc.	3.30%
Merck & Co. Inc.	3.19%
NetApp Inc.	3.09%
Cummins Inc.	3.09%
Polaris Inc.	3.08%
Qualcomm Inc.	3.05%
Flowserve Corp.	2.90%
Masco Corp.	2.86%
Ameriprise Financial Inc.	2.83%
eBay Inc.	2.69%
Comcast Corp. Class A	2.38%
AmerisourceBergen Corp.	2.33%

American Equity Fund (BG) SF562

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 4 and are not included on this page.

Net Assets Attributable to Contractholders by Category ⁽¹⁾

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	468,388	224,641	183,852	27,686	—	5,987	2,696	1,991	283	—
75/100 guarantee policy	933,175	486,862	357,338	65,431	—	11,844	5,814	3,859	668	—
100/100 guarantee policy	37,336	4,725	5,548	—	—	469	56	60	—	—
PS1 75/75 guarantee policy	503,047	246,996	147,041	18,942	—	6,532	2,996	1,601	193	—
PS1 75/100 guarantee policy	1,111,685	355,009	197,372	42,905	—	14,308	4,280	2,143	438	—
PS1 100/100 guarantee policy	121,886	3,632	—	—	—	1,535	43	—	—	—
PS2 75/75 guarantee policy	125,827	41,318	4,569	—	—	1,746	523	51	—	—
PS2 75/100 guarantee policy	98,310	2,183	—	—	—	1,364	28	—	—	—
PS 75/75 guarantee policy	14,516	9,217	—	—	—	190	112	—	—	—
PS 75/100 guarantee policy	48,930	9,844	11,913	—	—	643	120	130	—	—
PPS 75/75 guarantee policy	12,606	8,136	8,181	3,938	—	170	101	90	40	—
PPS 75/100 guarantee policy	37,057	18,920	12,039	10,572	—	494	234	132	108	—
PPS 100/100 guarantee policy	—	3,964	4,537	—	—	—	49	50	—	—

Net Assets Attributable to Contractholders Per Unit ⁽¹⁾ (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	12.78	12.00	10.83	10.21	—	0.78	1.17
75/100 guarantee policy	12.69	11.94	10.80	10.20	—	0.75	1.14
100/100 guarantee policy	12.56	11.86	10.76	—	—	0.70	1.10
PS1 75/75 guarantee policy	12.98	12.13	10.89	10.21	—	0.85	1.24
PS1 75/100 guarantee policy	12.87	12.06	10.86	10.21	—	0.81	1.20
PS1 100/100 guarantee policy	12.59	11.84	—	—	—	0.75	1.13
PS2 75/75 guarantee policy	13.88	12.65	11.08	—	—	1.23	1.57
PS2 75/100 guarantee policy	13.88	12.65	—	—	—	1.23	1.57
PS 75/75 guarantee policy	13.11	12.17	—	—	—	0.94	1.31
PS 75/100 guarantee policy	13.15	12.23	10.94	—	—	0.92	1.29
PPS 75/75 guarantee policy	13.45	12.42	11.03	10.23	—	1.03	1.39
PPS 75/100 guarantee policy	13.33	12.35	10.99	10.23	—	0.98	1.36
PPS 100/100 guarantee policy	—	12.25	10.95	—	—	—	1.30

⁽¹⁾ The Fund commenced on November 4, 2019 and as a result does not have comparative figures for the prior year.

American Equity Fund (BG) SF562

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The American Equity Fund (BG) SF562 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

American Equity Fund (BG) SF562

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

American Equity Fund (BG) SF562

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

American Equity Fund (BG) SF562

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

American Equity Fund (BG) SF562

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

American Equity Fund (BG) SF562

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

American Equity Fund (BG) SF562

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

American Equity Fund (BG) SF562

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Portfolio units are those units owned by the Asset Allocation Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

American Equity Fund (BG) SF562

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

The NAV per unit for group contractholders has not been shown because it will vary for each sub-class within the group contractholder class based on negotiated expense levels and other factors.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.

American Equity Fund (BG) SF562

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

American Equity Fund (BG) SF562

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.95	2.96	2.87	2.88	—
75/100 guarantee policy	3.18	3.18	3.09	3.10	—
100/100 guarantee policy	3.51	3.53	3.41	—	—
PS1 75/75 guarantee policy	2.46	2.46	2.39	2.43	—
PS1 75/100 guarantee policy	2.74	2.74	2.66	2.70	—
PS1 100/100 guarantee policy	3.13	3.14	—	—	—
PS 75/75 guarantee policy	1.82	1.83	—	—	—
PS 75/100 guarantee policy	2.06	2.07	1.99	—	—
PPS 75/75 guarantee policy	1.33	1.34	1.28	1.33	—
PPS 75/100 guarantee policy	1.60	1.62	1.55	1.59	—
PPS 100/100 guarantee policy	—	2.01	1.95	—	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
PS1 75/75 guarantee policy	2.49	2.49	2.43	2.43	—
PS1 75/100 guarantee policy	2.77	2.77	2.70	2.70	—
PS1 100/100 guarantee policy	3.16	3.17	—	—	—
PPS 75/75 guarantee policy	1.36	1.37	1.32	1.33	—
PPS 75/100 guarantee policy	1.63	1.65	1.59	1.59	—
PPS 100/100 guarantee policy	—	2.04	1.99	—	—

Portfolio Turnover Rate (%) ⁽³⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	3.36	6.03	10.04	0.05	—

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

(4) The Fund commenced on November 4, 2019 and as a result does not have comparative figures for the prior year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
IVY CANADIAN BALANCED FUND (MACKENZIE) SF563

December 31, 2022

Independent Auditor's Report

To the Contractholders of Ivy Canadian Balanced Fund (Mackenzie) SF563 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Ivy Canadian Balanced Fund (Mackenzie) SF563

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	2
Due from brokers	—	4
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	25,448	18,125
Total investments	25,448	18,125
Total assets	\$ 25,448	\$ 18,131
Liabilities		
Overdrafts	\$ 23	\$ 2
Due to The Canada Life Assurance Company (note 8)	11	—
Due to brokers	1	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	35	2
Net assets attributable to contractholders	\$ 25,413	\$ 18,129

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (622)	\$ 1,777
Miscellaneous income (loss)	—	—
Total income (loss)	(622)	1,777
Expenses		
Management fees (note 8)	465	227
Other	56	28
Total expenses	521	255
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (1,143)	\$ 1,522

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year		
	\$ 18,129	\$ 6,058
Contractholder deposits	11,000	11,367
Contractholder withdrawals	(2,573)	(818)
Increase (decrease) in net assets from operations attributable to contractholders	(1,143)	1,522
Change in net assets attributable to contractholders	7,284	12,071
Net assets attributable to contractholders - end of year	\$ 25,413	\$ 18,129

Ivy Canadian Balanced Fund (Mackenzie) SF563

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (1,143)	\$ 1,522
Adjustments		
Realized (gains) losses	(85)	(35)
Unrealized (gains) losses	1,519	(1,342)
Gross proceeds of disposition of investments	2,669	675
Gross payments for the purchase of investments	(10,614)	(10,961)
Distribution income of underlying mutual fund	(812)	(400)
Change in due from/to The Canada Life Assurance Company	13	(6)
Change in due from/to brokers	5	21
	<u>(8,448)</u>	<u>(10,526)</u>
Financing Activities		
Contractholder deposits	11,000	11,367
Contractholder withdrawals	(2,573)	(818)
	<u>8,427</u>	<u>10,549</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(21)	23
Cash, short-term deposits and overdrafts, beginning of year	(2)	(25)
Cash, short-term deposits and overdrafts, end of year	\$ (23)	\$ (2)

Ivy Canadian Balanced Fund (Mackenzie) SF563

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Mackenzie Ivy Canadian Balanced Fund Series S *	2,396,791	25,618	25,448
Total Investments		25,618	25,448

Top 25 Holdings

Security Description	% of Total
Intact Financial Corp.	3.53%
Royal Bank of Canada	3.43%
Dollarama Inc.	3.10%
TELUS Corp.	2.95%
Alimentation Couche-Tard Inc.	2.93%
Microsoft Corp.	2.89%
Brookfield Corp.	2.70%
The Toronto-Dominion Bank	2.58%
Visa Inc. Class A	2.58%
Emera Inc.	2.46%
Alphabet Inc. Class C	2.45%
SAP SE	2.37%
Restaurant Brands International Inc.	2.36%
Johnson & Johnson Inc.	2.16%
CGI Group Inc. Class A sub. voting	2.07%
CCL Industries Inc. Class B non-voting	1.93%
Compass Group PLC	1.90%
The Williams Companies Inc.	1.86%
Pembina Pipeline Corp.	1.81%
Cash and short-term deposits	1.80%
Waste Connections Inc.	1.79%
Canadian National Railway Co.	1.78%
American Electric Power Co. Inc.	1.68%
Danaher Corp.	1.61%
The Bank of Nova Scotia	1.60%

*The issuer of this security is a related company to the issuer of the Fund.

Ivy Canadian Balanced Fund (Mackenzie) SF563

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category ⁽¹⁾

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	193,251	133,066	63,077	22,142	—	2,074	1,518	630	226	—
75/100 guarantee policy	1,316,541	825,954	285,476	39,889	—	14,110	9,416	2,848	408	—
100/100 guarantee policy	47,885	30,057	10,555	3,521	—	510	342	105	36	—
PS1 75/75 guarantee policy	143,251	50,102	23,591	7,883	—	1,555	576	236	81	—
PS1 75/100 guarantee policy	344,023	267,516	91,622	15,501	—	3,714	3,065	917	158	—
PS1 100/100 guarantee policy	19,626	5,159	—	—	—	210	59	—	—	—
PS2 75/75 guarantee policy	5,578	4,044	98	—	—	65	49	1	—	—
PS2 75/100 guarantee policy	126,767	137,695	90,067	91,076	—	1,479	1,663	927	934	—
PS2 100/100 guarantee policy	4,281	1,474	—	—	—	50	18	—	—	—
PS 75/75 guarantee policy	6,118	4,179	4,201	—	—	68	49	42	—	—
PS 75/100 guarantee policy	120,042	90,653	18,634	1,329	—	1,333	1,059	188	14	—
PPS 75/75 guarantee policy	3,953	4,117	—	—	—	44	48	—	—	—
PPS 75/100 guarantee policy	17,998	20,490	16,085	—	—	201	240	164	—	—
PPS 100/100 guarantee policy	—	2,329	—	—	—	—	27	—	—	—

Net Assets Attributable to Contractholders Per Unit ⁽¹⁾ (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	10.73	11.41	9.98	10.22	—	(0.68)	1.43
75/100 guarantee policy	10.72	11.40	9.98	10.22	—	(0.68)	1.42
100/100 guarantee policy	10.66	11.36	9.96	10.22	—	(0.70)	1.40
PS1 75/75 guarantee policy	10.85	11.50	10.02	10.22	—	(0.65)	1.48
PS1 75/100 guarantee policy	10.80	11.46	10.00	10.22	—	(0.66)	1.46
PS1 100/100 guarantee policy	10.69	11.37	—	—	—	(0.68)	1.42
PS2 75/75 guarantee policy	11.67	12.08	10.29	—	—	(0.41)	1.79
PS2 75/100 guarantee policy	11.67	12.08	10.29	10.26	—	(0.41)	1.79
PS2 100/100 guarantee policy	11.64	12.05	—	—	—	(0.41)	1.79
PS 75/75 guarantee policy	11.12	11.69	10.11	—	—	(0.57)	1.58
PS 75/100 guarantee policy	11.10	11.68	10.11	10.24	—	(0.58)	1.57
PPS 75/75 guarantee policy	11.21	11.75	—	—	—	(0.54)	1.62
PPS 75/100 guarantee policy	11.18	11.73	10.13	—	—	(0.55)	1.60
PPS 100/100 guarantee policy	—	11.65	—	—	—	—	1.57

⁽¹⁾ The Fund commenced on November 4, 2019 and as a result does not have comparative figures for the prior year.

Ivy Canadian Balanced Fund (Mackenzie) SF563

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Ivy Canadian Balanced Fund (Mackenzie) SF563 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Ivy Canadian Balanced Fund (Mackenzie) SF563

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Ivy Canadian Balanced Fund (Mackenzie) SF563

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Ivy Canadian Balanced Fund (Mackenzie) SF563

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

Ivy Canadian Balanced Fund (Mackenzie) SF563

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

Ivy Canadian Balanced Fund (Mackenzie) SF563

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Ivy Canadian Balanced Fund (Mackenzie) SF563

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

Ivy Canadian Balanced Fund (Mackenzie) SF563

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Ivy Canadian Balanced Fund (Mackenzie) SF563

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

The NAV per unit for group contractholders has not been shown because it will vary for each sub-class within the group contractholder class based on negotiated expense levels and other factors.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Ivy Canadian Balanced Fund (Mackenzie) SF563

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Ivy Canadian Balanced Fund (Mackenzie) SF563

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.68	2.67	2.62	2.59	—
75/100 guarantee policy	2.72	2.71	2.66	2.64	—
100/100 guarantee policy	2.89	2.90	2.83	2.80	—
PS1 75/75 guarantee policy	2.34	2.32	2.27	2.25	—
PS1 75/100 guarantee policy	2.49	2.48	2.43	2.41	—
PS1 100/100 guarantee policy	2.73	2.73	—	—	—
PS 75/75 guarantee policy	1.56	1.57	1.52	—	—
PS 75/100 guarantee policy	1.61	1.60	1.57	1.54	—
PPS 75/75 guarantee policy	1.21	1.21	—	—	—
PPS 75/100 guarantee policy	1.38	1.37	1.34	—	—
PPS 100/100 guarantee policy	—	1.62	—	—	—

Portfolio Turnover Rate (%) ⁽²⁾⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	12.09	6.22	38.19	11.98	—

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

(3) The Fund commenced on November 4, 2019 and as a result does not have comparative figures for the prior year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
IVY FOREIGN EQUITY FUND (MACKENZIE) SF564

December 31, 2022

Independent Auditor's Report

To the Contractholders of Ivy Foreign Equity Fund (Mackenzie) SF564 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Ivy Foreign Equity Fund (Mackenzie) SF564

(in Canadian \$ thousands)

Fund Manager: Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ 72
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	97	37
Due from brokers	—	3
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	50,040	61,337
Total investments	50,040	61,337
Total assets	\$ 50,137	\$ 61,449
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	20	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	20	—
Net assets attributable to contractholders	\$ 50,117	\$ 61,449

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (4,404)	\$ 4,465
Miscellaneous income (loss)	—	—
Total income (loss)	(4,404)	4,465
Expenses		
Management fees (note 8)	983	783
Other	114	89
Total expenses	1,097	872
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (5,501)	\$ 3,593

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year		
	\$ 61,449	\$ 22,526
Contractholder deposits	12,103	38,480
Contractholder withdrawals	(17,934)	(3,150)
Increase (decrease) in net assets from operations attributable to contractholders	(5,501)	3,593
Change in net assets attributable to contractholders	(11,332)	38,923
Net assets attributable to contractholders - end of year	\$ 50,117	\$ 61,449

Ivy Foreign Equity Fund (Mackenzie) SF564

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (5,501)	\$ 3,593
Adjustments		
Realized (gains) losses	2,001	(8)
Unrealized (gains) losses	3,097	713
Gross proceeds of disposition of investments	18,671	38,603
Gross payments for the purchase of investments	(11,778)	(73,251)
Distribution income of underlying mutual fund	(694)	(5,170)
Change in due from/to The Canada Life Assurance Company	(60)	118
Change in due from/to brokers	23	(296)
	<u>5,759</u>	<u>(35,698)</u>
Financing Activities		
Contractholder deposits	12,103	38,480
Contractholder withdrawals	(17,934)	(3,150)
	<u>(5,831)</u>	<u>35,330</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(72)	(368)
Cash, short-term deposits and overdrafts, beginning of year	72	440
Cash, short-term deposits and overdrafts, end of year	\$ —	\$ 72

Ivy Foreign Equity Fund (Mackenzie) SF564

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Canada Life Foreign Equity Fund Series S *	2,483,774	54,151	50,040
Total Investments		54,151	50,040

Top 25 Holdings

Security Description	% of Total
Cash and short-term deposits	11.86%
Danaher Corp.	3.47%
Seven & I Holdings Co. Ltd.	3.44%
Johnson & Johnson Inc.	3.26%
Amcour PLC	3.02%
Colgate Palmolive Co.	2.91%
Compass Group PLC	2.89%
RELX PLC	2.86%
Reckitt Benckiser Group PLC	2.78%
Oracle Corp.	2.75%
Admiral Group PLC	2.69%
SAP SE	2.47%
Roche Holding AG Genussscheine	2.46%
Alphabet Inc. Class A	2.43%
The TJX Companies Inc.	2.40%
Brookfield Corp.	2.29%
CK Hutchison Holdings Ltd.	2.24%
Becton, Dickinson and Co.	2.21%
Marsh & McLennan Companies Inc.	2.18%
Industria de Diseno Textil SA	2.15%
Comcast Corp. Class A	2.13%
Accenture PLC Class A	2.10%
Microsoft Corp.	2.09%
W.W. Grainger Inc.	2.09%
The Procter & Gamble Co.	2.07%

*The issuer of this security is a related company to the issuer of the Fund.

Ivy Foreign Equity Fund (Mackenzie) SF564

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category ⁽¹⁾

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	516,925	473,545	225,754	33,752	—	5,719	5,770	2,568	341	—
75/100 guarantee policy	968,492	912,848	468,818	50,291	—	10,660	11,083	5,322	509	—
100/100 guarantee policy	40,962	44,345	37,396	—	—	443	532	422	—	—
PS1 75/75 guarantee policy	379,666	336,718	144,375	3,274	—	4,263	4,145	1,651	33	—
PS1 75/100 guarantee policy	1,013,916	979,529	427,209	34,343	—	11,266	11,970	4,867	347	—
PS1 100/100 guarantee policy	11,057	19,454	6,300	—	—	121	235	71	—	—
PS2 75/75 guarantee policy	250,324	167,655	35,124	12,653	—	3,043	2,177	413	129	—
PS2 75/100 guarantee policy	289,356	312,807	134,997	47,757	—	3,517	4,063	1,588	485	—
PS2 100/100 guarantee policy	2,794	—	—	—	—	34	—	—	—	—
PS 75/75 guarantee policy	119,511	100,750	50,517	6,384	—	1,369	1,257	582	65	—
PS 75/100 guarantee policy	179,070	134,577	76,572	18,339	—	2,041	1,673	880	186	—
PPS 75/75 guarantee policy	242,314	163,221	75,209	32,312	—	2,818	2,057	871	328	—
PPS 75/100 guarantee policy	419,153	396,701	153,781	40,993	—	4,823	4,965	1,774	415	—

Net Assets Attributable to Contractholders Per Unit ⁽¹⁾ (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	11.06	12.18	11.37	10.12	—	(1.12)	0.81
75/100 guarantee policy	11.01	12.14	11.35	10.11	—	(1.13)	0.79
100/100 guarantee policy	10.83	12.01	11.28	—	—	(1.18)	0.73
PS1 75/75 guarantee policy	11.23	12.31	11.44	10.12	—	(1.08)	0.87
PS1 75/100 guarantee policy	11.11	12.22	11.39	10.12	—	(1.11)	0.83
PS1 100/100 guarantee policy	10.96	12.10	11.33	—	—	(1.14)	0.77
PS2 75/75 guarantee policy	12.15	12.99	11.76	10.16	—	(0.84)	1.23
PS2 75/100 guarantee policy	12.15	12.99	11.76	10.16	—	(0.84)	1.23
PS2 100/100 guarantee policy	12.14	—	—	—	—	(0.83)	—
PS 75/75 guarantee policy	11.46	12.48	11.52	10.13	—	(1.02)	0.96
PS 75/100 guarantee policy	11.40	12.43	11.50	10.13	—	(1.03)	0.93
PPS 75/75 guarantee policy	11.63	12.61	11.58	10.14	—	(0.98)	1.03
PPS 75/100 guarantee policy	11.51	12.52	11.54	10.13	—	(1.01)	0.98

⁽¹⁾ The Fund commenced on November 4, 2019 and as a result does not have comparative figures for the prior year.

Ivy Foreign Equity Fund (Mackenzie) SF564

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Ivy Foreign Equity Fund (Mackenzie) SF564 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Ivy Foreign Equity Fund (Mackenzie) SF564

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Ivy Foreign Equity Fund (Mackenzie) SF564

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Ivy Foreign Equity Fund (Mackenzie) SF564

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

Ivy Foreign Equity Fund (Mackenzie) SF564

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

Ivy Foreign Equity Fund (Mackenzie) SF564

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Ivy Foreign Equity Fund (Mackenzie) SF564

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

Ivy Foreign Equity Fund (Mackenzie) SF564

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Ivy Foreign Equity Fund (Mackenzie) SF564

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

The NAV per unit for group contractholders has not been shown because it will vary for each sub-class within the group contractholder class based on negotiated expense levels and other factors.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Ivy Foreign Equity Fund (Mackenzie) SF564

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Ivy Foreign Equity Fund (Mackenzie) SF564

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	3.02	2.99	2.96	2.95	—
75/100 guarantee policy	3.18	3.16	3.13	3.12	—
100/100 guarantee policy	3.71	3.69	3.64	—	—
PS1 75/75 guarantee policy	2.55	2.53	2.49	2.50	—
PS1 75/100 guarantee policy	2.89	2.86	2.82	2.83	—
PS1 100/100 guarantee policy	3.34	3.32	3.26	—	—
PS 75/75 guarantee policy	1.90	1.88	1.85	1.86	—
PS 75/100 guarantee policy	2.07	2.05	2.02	2.02	—
PPS 75/75 guarantee policy	1.44	1.42	1.38	1.40	—
PPS 75/100 guarantee policy	1.78	1.75	1.71	1.73	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
PS1 75/75 guarantee policy	2.55	2.53	2.51	2.50	—
PS1 75/100 guarantee policy	2.89	2.86	2.84	2.83	—
PS1 100/100 guarantee policy	3.34	3.32	3.28	—	—
PPS 75/75 guarantee policy	1.44	1.42	1.40	1.40	—
PPS 75/100 guarantee policy	1.78	1.75	1.73	1.73	—

Portfolio Turnover Rate (%) ⁽³⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	20.91	91.12	7.61	0.04	—

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

(4) The Fund commenced on November 4, 2019 and as a result does not have comparative figures for the prior year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
DIVIDEND FUND (MACKENZIE) SF565

December 31, 2022

Independent Auditor's Report

To the Contractholders of Dividend Fund (Mackenzie) SF565 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Dividend Fund (Mackenzie) SF565

(in Canadian \$ thousands)

Fund Manager: Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 93	\$ 250
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	90	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	103,658	43,943
Total investments	103,658	43,943
Total assets	\$ 103,841	\$ 44,193
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	33
Due to brokers	89	171
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	89	204
Net assets attributable to contractholders	\$ 103,752	\$ 43,989

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (1,206)	\$ 5,895
Miscellaneous income (loss)	—	—
Total income (loss)	(1,206)	5,895
Expenses		
Management fees (note 8)	1,776	606
Other	204	72
Total expenses	1,980	678
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (3,186)	\$ 5,217

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year		
	\$ 43,989	\$ 13,842
Contractholder deposits	69,786	27,072
Contractholder withdrawals	(6,837)	(2,142)
Increase (decrease) in net assets from operations attributable to contractholders	(3,186)	5,217
Change in net assets attributable to contractholders	59,763	30,147
Net assets attributable to contractholders - end of year	\$ 103,752	\$ 43,989

Dividend Fund (Mackenzie) SF565

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (3,186)	\$ 5,217
Adjustments		
Realized (gains) losses	(6)	(72)
Unrealized (gains) losses	5,438	(2,898)
Gross proceeds of disposition of investments	2,881	20,137
Gross payments for the purchase of investments	(63,802)	(44,377)
Distribution income of underlying mutual fund	(4,226)	(2,925)
Change in due from/to The Canada Life Assurance Company	(123)	34
Change in due from/to brokers	(82)	(51)
	<u>(63,106)</u>	<u>(24,935)</u>
Financing Activities		
Contractholder deposits	69,786	27,072
Contractholder withdrawals	(6,837)	(2,142)
	<u>62,949</u>	<u>24,930</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(157)	(5)
Cash, short-term deposits and overdrafts, beginning of year	<u>250</u>	<u>255</u>
Cash, short-term deposits and overdrafts, end of year	<u>\$ 93</u>	<u>\$ 250</u>

Dividend Fund (Mackenzie) SF565

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Canada Life Canadian Dividend Fund Series S *	3,758,914	105,750	103,658
Total Investments		105,750	103,658

Top 25 Holdings

Security Description	% of Total
Royal Bank of Canada	7.09%
The Toronto-Dominion Bank	5.75%
Bank of Montreal	4.10%
Sun Life Financial Inc.	3.84%
TELUS Corp.	3.73%
TC Energy Corp.	3.23%
Intact Financial Corp.	3.02%
Enbridge Inc.	2.91%
Manulife Financial Corp.	2.83%
The Bank of Nova Scotia	2.81%
Canadian Natural Resources Ltd.	2.54%
Canadian National Railway Co.	2.48%
Suncor Energy Inc.	2.42%
Nutrien Ltd.	2.00%
Cash and short-term deposits	1.98%
Canadian Pacific Railway Ltd.	1.93%
Emera Inc.	1.46%
Brookfield Corp.	1.45%
Pembina Pipeline Corp.	1.41%
CCL Industries Inc. Class B non-voting	1.35%
Open Text Corp.	1.35%
Brookfield Infrastructure Partners LP Partnership Units	1.30%
Rogers Communications Inc. Class B non-voting	1.27%
Restaurant Brands International Inc.	1.22%
ARC Resources Ltd.	1.17%

*The issuer of this security is a related company to the issuer of the Fund.

Dividend Fund (Mackenzie) SF565

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category ⁽¹⁾

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	1,516,151	575,819	298,852	36,554	—	17,984	7,013	2,917	371	—
75/100 guarantee policy	2,530,691	1,259,568	553,479	52,079	—	29,862	15,286	5,392	529	—
100/100 guarantee policy	116,582	24,379	13,236	2,939	—	1,360	293	128	30	—
PS1 75/75 guarantee policy	1,099,658	533,368	134,061	22,521	—	13,215	6,555	1,315	229	—
PS1 75/100 guarantee policy	2,412,719	871,179	328,733	16,710	—	28,791	10,655	3,216	170	—
PS1 100/100 guarantee policy	125,760	32,269	6,012	—	—	1,485	392	59	—	—
PS2 75/75 guarantee policy	68,926	42,590	16,089	—	—	892	550	162	—	—
PS2 75/100 guarantee policy	349,855	121,661	27,482	17,610	—	4,527	1,572	277	180	—
PS 75/75 guarantee policy	40,500	12,381	2,125	—	—	499	155	21	—	—
PS 75/100 guarantee policy	159,299	70,113	2,302	94	—	1,947	872	23	1	—
PPS 75/75 guarantee policy	80,944	32,238	19,740	13,501	—	1,007	406	196	137	—
PPS 75/100 guarantee policy	176,653	19,204	13,760	3,536	—	2,183	240	136	36	—

Net Assets Attributable to Contractholders Per Unit ⁽¹⁾ (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	11.86	12.18	9.76	10.16	—	(0.32)	2.42
75/100 guarantee policy	11.80	12.14	9.74	10.15	—	(0.34)	2.40
100/100 guarantee policy	11.66	12.04	9.70	10.15	—	(0.38)	2.34
PS1 75/75 guarantee policy	12.02	12.29	9.81	10.16	—	(0.27)	2.48
PS1 75/100 guarantee policy	11.93	12.23	9.78	10.16	—	(0.30)	2.45
PS1 100/100 guarantee policy	11.81	12.14	9.75	—	—	(0.33)	2.39
PS2 75/75 guarantee policy	12.94	12.92	10.07	—	—	0.02	2.85
PS2 75/100 guarantee policy	12.94	12.92	10.07	10.20	—	0.02	2.85
PS 75/75 guarantee policy	12.31	12.50	9.90	—	—	(0.19)	2.60
PS 75/100 guarantee policy	12.22	12.43	9.87	10.17	—	(0.21)	2.56
PPS 75/75 guarantee policy	12.45	12.59	9.93	10.18	—	(0.14)	2.66
PPS 75/100 guarantee policy	12.36	12.53	9.91	10.18	—	(0.17)	2.62

⁽¹⁾ The Fund commenced on November 4, 2019 and as a result does not have comparative figures for the prior year.

Dividend Fund (Mackenzie) SF565

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Dividend Fund (Mackenzie) SF565 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Dividend Fund (Mackenzie) SF565

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Dividend Fund (Mackenzie) SF565

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Dividend Fund (Mackenzie) SF565

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

Dividend Fund (Mackenzie) SF565

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

Dividend Fund (Mackenzie) SF565

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Dividend Fund (Mackenzie) SF565

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

Dividend Fund (Mackenzie) SF565

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Dividend Fund (Mackenzie) SF565

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

The NAV per unit for group contractholders has not been shown because it will vary for each sub-class within the group contractholder class based on negotiated expense levels and other factors.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Dividend Fund (Mackenzie) SF565

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Dividend Fund (Mackenzie) SF565

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.79	2.78	2.72	2.73	—
75/100 guarantee policy	2.96	2.94	2.89	2.90	—
100/100 guarantee policy	3.32	3.31	3.25	3.26	—
PS1 75/75 guarantee policy	2.36	2.38	2.30	2.33	—
PS1 75/100 guarantee policy	2.60	2.59	2.54	2.55	—
PS1 100/100 guarantee policy	2.94	2.94	2.85	—	—
PS 75/75 guarantee policy	1.67	1.66	1.64	—	—
PS 75/100 guarantee policy	1.83	1.84	1.80	1.80	—
PPS 75/75 guarantee policy	1.25	1.26	1.22	1.22	—
PPS 75/100 guarantee policy	1.49	1.48	1.43	1.46	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
PS1 75/75 guarantee policy	2.36	2.38	2.32	2.33	—
PS1 75/100 guarantee policy	2.60	2.59	2.56	2.55	—
PS1 100/100 guarantee policy	2.94	2.94	2.87	—	—
PPS 75/75 guarantee policy	1.25	1.26	1.24	1.22	—
PPS 75/100 guarantee policy	1.49	1.48	1.45	1.46	—

Portfolio Turnover Rate (%) ⁽³⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	3.66	76.44	25.45	0.09	—

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

(4) The Fund commenced on November 4, 2019 and as a result does not have comparative figures for the prior year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
GLOBAL BALANCED PORTFOLIO FUND 1.04FID

December 31, 2022

Independent Auditor's Report

To the Contractholders of Global Balanced Portfolio Fund 1.04FID (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Global Balanced Portfolio Fund 1.04FID

(in Canadian \$ thousands)

Fund Manager: Fidelity Investments Canada ULC

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 53	\$ 409
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	121
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	74,754	64,630
Total investments	74,754	64,630
Total assets	\$ 74,807	\$ 65,160
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	8	—
Due to brokers	1	152
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	9	152
Net assets attributable to contractholders	\$ 74,798	\$ 65,008

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (6,225)	\$ 3,523
Miscellaneous income (loss)	—	—
Total income (loss)	(6,225)	3,523
Expenses		
Management fees (note 8)	1,689	1,044
Other	191	116
Total expenses	1,880	1,160
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (8,105)	\$ 2,363

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year		
	\$ 65,008	\$ 15,029
Contractholder deposits	24,452	52,005
Contractholder withdrawals	(6,557)	(4,389)
Increase (decrease) in net assets from operations attributable to contractholders	(8,105)	2,363
Change in net assets attributable to contractholders	9,790	49,979
Net assets attributable to contractholders - end of year	\$ 74,798	\$ 65,008

Global Balanced Portfolio Fund 1.04FID

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (8,105)	\$ 2,363
Adjustments		
Realized (gains) losses	405	(28)
Unrealized (gains) losses	8,119	367
Gross proceeds of disposition of investments	4,966	1,307
Gross payments for the purchase of investments	(21,315)	(47,438)
Distribution income of underlying mutual fund	(2,299)	(3,862)
Change in due from/to The Canada Life Assurance Company	129	(102)
Change in due from/to brokers	(151)	48
	<u>(18,251)</u>	<u>(47,345)</u>
Financing Activities		
Contractholder deposits	24,452	52,005
Contractholder withdrawals	(6,557)	(4,389)
	<u>17,895</u>	<u>47,616</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(356)	271
Cash, short-term deposits and overdrafts, beginning of year	409	138
Cash, short-term deposits and overdrafts, end of year	\$ 53	\$ 409

Global Balanced Portfolio Fund 1.04FID

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Fidelity Global Balanced Portfolio	5,336,110	82,994	74,754
Total Investments		82,994	74,754

Top 25 Holdings

Security Description	% of Total
iShares Gold Trust ETF	2.84%
iShares TIPS Bond ETF	2.38%
iShares 20+ Year Treasury Bond ETF	2.02%
Energy Select Sector SPDR Fund	1.66%
United States Treasury 2.625% 07-31-2029	1.61%
iShares Core S&P 500 ETF	1.40%
Canadian Pacific Railway Ltd.	1.10%
Canadian Natural Resources Ltd.	0.90%
Royal Bank of Canada	0.85%
The Toronto-Dominion Bank	0.80%
Taiwan Semiconductor Manufacturing Co. Ltd.	0.73%
Samsung Electronics Co. Ltd.	0.71%
Tencent Holdings Ltd.	0.65%
Amazon.com Inc.	0.62%
Rogers Communications Inc. Class B non-voting	0.60%
Canadian National Railway Co.	0.54%
UnitedHealth Group Inc.	0.53%
Meta Platforms Inc.	0.51%
Agnico Eagle Mines Ltd.	0.49%
Cenovus Energy Inc.	0.47%
Alimentation Couche-Tard Inc.	0.46%
Berkshire Hathaway Inc. Class A	0.46%
Loblaw Companies Ltd.	0.46%
Nutrien Ltd.	0.46%
Federal Republic of Germany 0.00% 12-15-2032	0.42%

Global Balanced Portfolio Fund 1.04FID

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category ⁽¹⁾

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	1,328,953	1,053,419	261,246	—	—	14,052	12,596	2,940	—	—
75/100 guarantee policy	2,451,741	2,056,370	543,716	—	—	25,744	24,485	6,110	—	—
PS1 75/75 guarantee policy	549,347	290,016	180,308	—	—	5,856	3,485	2,033	—	—
PS1 75/100 guarantee policy	2,065,973	1,564,912	249,654	—	—	21,859	18,721	2,810	—	—
PS2 75/75 guarantee policy	42,130	10,475	5,984	—	—	480	131	69	—	—
PS2 75/100 guarantee policy	136,467	93,094	12,569	—	—	1,554	1,166	144	—	—
PS 75/75 guarantee policy	86,318	96,785	26,026	—	—	940	1,179	295	—	—
PS 75/100 guarantee policy	155,448	174,779	42,007	—	—	1,680	2,119	475	—	—
PPS 75/75 guarantee policy	118,435	57,985	7,759	—	—	1,300	710	88	—	—
PPS 75/100 guarantee policy	122,306	34,108	5,643	—	—	1,333	416	65	—	—

Net Assets Attributable to Contractholders Per Unit ⁽¹⁾ (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	10.57	11.96	11.25	—	—	(1.39)	0.71
75/100 guarantee policy	10.50	11.91	11.24	—	—	(1.41)	0.67
PS1 75/75 guarantee policy	10.66	12.02	11.28	—	—	(1.36)	0.74
PS1 75/100 guarantee policy	10.58	11.96	11.26	—	—	(1.38)	0.70
PS2 75/75 guarantee policy	11.39	12.52	11.46	—	—	(1.13)	1.06
PS2 75/100 guarantee policy	11.39	12.52	11.46	—	—	(1.13)	1.06
PS 75/75 guarantee policy	10.89	12.18	11.34	—	—	(1.29)	0.84
PS 75/100 guarantee policy	10.81	12.12	11.32	—	—	(1.31)	0.80
PPS 75/75 guarantee policy	10.98	12.24	11.36	—	—	(1.26)	0.88
PPS 75/100 guarantee policy	10.90	12.18	11.34	—	—	(1.28)	0.84

⁽¹⁾ The Fund commenced on May 11, 2020 and as a result does not have comparative figures for the prior years.

Global Balanced Portfolio Fund 1.04FID

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Global Balanced Portfolio Fund 1.04FID (the Fund) is offered by The Canada Life Assurance Company (the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Global Balanced Portfolio Fund 1.04FID

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Global Balanced Portfolio Fund 1.04FID

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Global Balanced Portfolio Fund 1.04FID

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

Global Balanced Portfolio Fund 1.04FID

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

Global Balanced Portfolio Fund 1.04FID

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Global Balanced Portfolio Fund 1.04FID

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Global Balanced Portfolio Fund 1.04FID

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

Individual units are available under these different options:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Global Balanced Portfolio Fund 1.04FID

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

The NAV per unit for group contractholders has not been shown because it will vary for each sub-class within the group contractholder class based on negotiated expense levels and other factors.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.

Global Balanced Portfolio Fund 1.04FID

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Global Balanced Portfolio Fund 1.04FID

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.82	2.83	2.78	—	—
75/100 guarantee policy	3.10	3.10	3.05	—	—
PS1 75/75 guarantee policy	2.51	2.52	2.49	—	—
PS1 75/100 guarantee policy	2.80	2.81	2.76	—	—
PS 75/75 guarantee policy	1.71	1.70	1.68	—	—
PS 75/100 guarantee policy	1.99	1.98	1.96	—	—
PPS 75/75 guarantee policy	1.41	1.41	1.37	—	—
PPS 75/100 guarantee policy	1.70	1.68	1.66	—	—

Portfolio Turnover Rate (%) ⁽²⁾⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	7.20	3.14	1.43	—	—

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

(3) The Fund commenced on May 11, 2020 and as a result does not have comparative figures for the prior years.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
GLOBAL INCOME PORTFOLIO FUND 1.03FID

December 31, 2022

Independent Auditor's Report

To the Contractholders of Global Income Portfolio Fund 1.03FID (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Global Income Portfolio Fund 1.03FID

(in Canadian \$ thousands)

Fund Manager: Fidelity Investments Canada ULC

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 6	\$ 129
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	68	75
Due from brokers	3	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	39,160	32,422
Total investments	39,160	32,422
Total assets	\$ 39,237	\$ 32,626
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	59
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	59
Net assets attributable to contractholders	\$ 39,237	\$ 32,567

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (2,399)	\$ 1,451
Miscellaneous income (loss)	—	—
Total income (loss)	(2,399)	1,451
Expenses		
Management fees (note 8)	822	516
Other	99	60
Total expenses	921	576
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (3,320)	\$ 875

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year		
	\$ 32,567	\$ 10,891
Contractholder deposits	12,849	23,285
Contractholder withdrawals	(2,859)	(2,484)
Increase (decrease) in net assets from operations attributable to contractholders	(3,320)	875
Change in net assets attributable to contractholders	6,670	21,676
Net assets attributable to contractholders - end of year	\$ 39,237	\$ 32,567

Global Income Portfolio Fund 1.03FID

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (3,320)	\$ 875
Adjustments		
Realized (gains) losses	149	(43)
Unrealized (gains) losses	3,472	(399)
Gross proceeds of disposition of investments	2,295	1,752
Gross payments for the purchase of investments	(11,432)	(22,030)
Distribution income of underlying mutual fund	(1,222)	(1,009)
Change in due from/to The Canada Life Assurance Company	7	52
Change in due from/to brokers	(62)	53
	<u>(10,113)</u>	<u>(20,749)</u>
Financing Activities		
Contractholder deposits	12,849	23,285
Contractholder withdrawals	(2,859)	(2,484)
	<u>9,990</u>	<u>20,801</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(123)	52
Cash, short-term deposits and overdrafts, beginning of year	129	77
Cash, short-term deposits and overdrafts, end of year	\$ 6	\$ 129

Global Income Portfolio Fund 1.03FID

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Fidelity Global Income Portfolio	2,933,409	42,125	39,160
Total Investments		42,125	39,160

Top 25 Holdings

Security Description	% of Total
iShares TIPS Bond ETF	3.67%
iShares Gold Trust ETF	2.85%
United States Treasury 2.625% 07-31-2029	1.94%
Energy Select Sector SPDR Fund	1.65%
iShares 20+ Year Treasury Bond ETF	1.10%
Government of Canada 3.00% 10-01-2025	0.85%
iShares Core S&P 500 ETF	0.78%
Canada Housing Trust No. 1 0.95% 06-15-2025 144A	0.78%
Province of Ontario 2.60% 06-02-2025	0.71%
Province of Ontario 3.50% 06-02-2024	0.67%
Canadian Pacific Railway Ltd.	0.65%
Canadian Natural Resources Ltd.	0.60%
Royal Bank of Canada	0.55%
Taiwan Semiconductor Manufacturing Co. Ltd.	0.52%
Canada Housing Trust No. 1 2.90% 06-15-2024	0.51%
Federal Republic of Germany 0.00% 12-15-2032	0.51%
The Toronto-Dominion Bank	0.51%
Samsung Electronics Co. Ltd.	0.47%
Apple Inc.	0.45%
United States Treasury 4.125% 11-15-2032	0.45%
People's Republic of China 2.89% 11-18-2031	0.43%
United States Treasury 2.875% 05-15-2052	0.41%
Government of Canada 0.75% 02-01-2024	0.39%
Microsoft Corp.	0.37%
Tencent Holdings Ltd.	0.36%

Global Income Portfolio Fund 1.03FID

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category ⁽¹⁾

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	836,181	679,862	230,666	—	—	8,452	7,596	2,483	—	—
75/100 guarantee policy	1,421,134	1,115,447	521,894	—	—	14,260	12,406	5,609	—	—
PS1 75/75 guarantee policy	485,809	295,987	29,624	—	—	4,957	3,326	320	—	—
PS1 75/100 guarantee policy	888,449	577,952	133,096	—	—	8,998	6,465	1,434	—	—
PS2 75/75 guarantee policy	2,584	2,630	1,671	—	—	28	31	18	—	—
PS2 75/100 guarantee policy	113,795	125,025	82,631	—	—	1,236	1,460	905	—	—
PS 75/75 guarantee policy	9,616	23,150	—	—	—	100	263	—	—	—
PS 75/100 guarantee policy	89,767	62,514	2,670	—	—	928	708	29	—	—
PPS 75/75 guarantee policy	14,967	9,816	8,565	—	—	157	112	93	—	—
PPS 75/100 guarantee policy	11,643	17,606	—	—	—	121	200	—	—	—

Net Assets Attributable to Contractholders Per Unit ⁽¹⁾ (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	10.11	11.17	10.77	—	—	(1.06)	0.40
75/100 guarantee policy	10.03	11.12	10.75	—	—	(1.09)	0.37
PS1 75/75 guarantee policy	10.20	11.24	10.79	—	—	(1.04)	0.45
PS1 75/100 guarantee policy	10.13	11.19	10.77	—	—	(1.06)	0.42
PS2 75/75 guarantee policy	10.86	11.68	10.95	—	—	(0.82)	0.73
PS2 75/100 guarantee policy	10.86	11.68	10.95	—	—	(0.82)	0.73
PS 75/75 guarantee policy	10.39	11.36	—	—	—	(0.97)	0.54
PS 75/100 guarantee policy	10.33	11.33	10.82	—	—	(1.00)	0.51
PPS 75/75 guarantee policy	10.51	11.44	10.87	—	—	(0.93)	0.57
PPS 75/100 guarantee policy	10.41	11.37	—	—	—	(0.96)	0.54

⁽¹⁾ The Fund commenced on May 11, 2020 and as a result does not have comparative figures for the prior years.

Global Income Portfolio Fund 1.03FID

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Global Income Portfolio Fund 1.03FID (the Fund) is offered by The Canada Life Assurance Company (the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Global Income Portfolio Fund 1.03FID

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Global Income Portfolio Fund 1.03FID

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Global Income Portfolio Fund 1.03FID

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

Global Income Portfolio Fund 1.03FID

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

Global Income Portfolio Fund 1.03FID

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Global Income Portfolio Fund 1.03FID

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Global Income Portfolio Fund 1.03FID

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

Individual units are available under these different options:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Global Income Portfolio Fund 1.03FID

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

The NAV per unit for group contractholders has not been shown because it will vary for each sub-class within the group contractholder class based on negotiated expense levels and other factors.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.

Global Income Portfolio Fund 1.03FID

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Global Income Portfolio Fund 1.03FID

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.72	2.71	2.67	—	—
75/100 guarantee policy	3.00	2.99	2.94	—	—
PS1 75/75 guarantee policy	2.37	2.37	2.32	—	—
PS1 75/100 guarantee policy	2.65	2.65	2.60	—	—
PS 75/75 guarantee policy	1.62	1.61	—	—	—
PS 75/100 guarantee policy	1.89	1.89	1.85	—	—
PPS 75/75 guarantee policy	1.25	1.26	1.23	—	—
PPS 75/100 guarantee policy	1.54	1.54	—	—	—

Portfolio Turnover Rate (%) ⁽²⁾⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	6.45	7.99	2.71	—	—

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

(3) The Fund commenced on May 11, 2020 and as a result does not have comparative figures for the prior years.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
GLOBAL GROWTH BALANCED FUND 1.02MAC

December 31, 2022

Independent Auditor's Report

To the Contractholders of Global Growth Balanced Fund 1.02MAC (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Global Growth Balanced Fund 1.02MAC

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 74	\$ 96
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	87
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	37,389	40,199
Total investments	37,389	40,199
Total assets	\$ 37,463	\$ 40,382
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	9	—
Due to brokers	68	19
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	77	19
Net assets attributable to contractholders	\$ 37,386	\$ 40,363

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (6,469)	\$ 4,334
Miscellaneous income (loss)	—	—
Total income (loss)	(6,469)	4,334
Expenses		
Management fees (note 8)	844	647
Other	87	61
Total expenses	931	708
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (7,400)	\$ 3,626

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year		
	\$ 40,363	\$ 15,330
Contractholder deposits	6,925	22,380
Contractholder withdrawals	(2,502)	(973)
Increase (decrease) in net assets from operations attributable to contractholders	(7,400)	3,626
Change in net assets attributable to contractholders	(2,977)	25,033
Net assets attributable to contractholders - end of year	\$ 37,386	\$ 40,363

Global Growth Balanced Fund 1.02MAC

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (7,400)	\$ 3,626
Adjustments		
Realized (gains) losses	413	(67)
Unrealized (gains) losses	6,802	(3,066)
Gross proceeds of disposition of investments	5,284	987
Gross payments for the purchase of investments	(8,943)	(21,733)
Distribution income of underlying mutual fund	(746)	(1,201)
Change in due from/to The Canada Life Assurance Company	96	(63)
Change in due from/to brokers	49	(185)
	<u>(4,445)</u>	<u>(21,702)</u>
Financing Activities		
Contractholder deposits	6,925	22,380
Contractholder withdrawals	(2,502)	(973)
	<u>4,423</u>	<u>21,407</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(22)	(295)
Cash, short-term deposits and overdrafts, beginning of year	<u>96</u>	<u>391</u>
Cash, short-term deposits and overdrafts, end of year	<u>\$ 74</u>	<u>\$ 96</u>

Global Growth Balanced Fund 1.02MAC

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Mackenzie Global Growth Balanced Fund Series S *	3,503,206	40,693	37,389
Total Investments		40,693	37,389

Top 25 Holdings

Security Description	% of Total
Aon Corp.	2.79%
Linde PLC	2.64%
Danaher Corp.	2.48%
LVMH Moet Hennessy Louis Vuitton SE	2.34%
Thermo Fisher Scientific Inc.	2.25%
Schneider Electric SA	2.22%
Alcon Inc. ADR	2.20%
Roper Technologies Inc.	2.18%
Diageo PLC	2.17%
L'Oreal SA	2.14%
Amphenol Corp. Class A	2.08%
Rentokil Initial PLC	2.05%
Starbucks Corp.	2.01%
PepsiCo Inc.	2.01%
Synopsys Inc.	1.99%
Keysight Technologies Inc.	1.94%
Trane Technologies PLC	1.91%
Accenture PLC Class A	1.90%
ON Semiconductor Corp.	1.90%
Becton, Dickinson and Co.	1.79%
Symrise AG	1.78%
Jacobs Solutions Inc.	1.68%
Gartner Inc.	1.61%
Cash and short-term deposits	1.57%
Costco Wholesale Corp.	1.54%

*The issuer of this security is a related company to the issuer of the Fund.

Global Growth Balanced Fund 1.02MAC

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category ⁽¹⁾

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	489,349	545,974	341,813	—	—	5,052	6,871	3,808	—	—
75/100 guarantee policy	1,016,561	998,724	528,275	—	—	10,420	12,514	5,876	—	—
PS1 75/75 guarantee policy	437,607	317,748	69,038	—	—	4,561	4,023	771	—	—
PS1 75/100 guarantee policy	1,340,755	1,082,469	424,947	—	—	13,873	13,643	4,738	—	—
PS2 75/75 guarantee policy	25,228	26,553	6,405	—	—	280	350	73	—	—
PS2 75/100 guarantee policy	216,303	176,323	1,103	—	—	2,404	2,323	12	—	—
PS 75/75 guarantee policy	10,938	9,633	1,121	—	—	116	123	13	—	—
PS 75/100 guarantee policy	31,063	20,858	—	—	—	328	266	—	—	—
PPS 75/75 guarantee policy	21,994	11,837	3,517	—	—	236	153	39	—	—
PPS 75/100 guarantee policy	10,933	7,540	—	—	—	116	97	—	—	—

Net Assets Attributable to Contractholders Per Unit ⁽¹⁾ (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	10.32	12.59	11.14	—	—	(2.27)	1.45
75/100 guarantee policy	10.25	12.53	11.12	—	—	(2.28)	1.41
PS1 75/75 guarantee policy	10.42	12.66	11.17	—	—	(2.24)	1.49
PS1 75/100 guarantee policy	10.35	12.60	11.15	—	—	(2.25)	1.45
PS2 75/75 guarantee policy	11.12	13.17	11.34	—	—	(2.05)	1.83
PS2 75/100 guarantee policy	11.12	13.17	11.34	—	—	(2.05)	1.83
PS 75/75 guarantee policy	10.63	12.81	11.22	—	—	(2.18)	1.59
PS 75/100 guarantee policy	10.54	12.74	—	—	—	(2.20)	1.55
PPS 75/75 guarantee policy	10.73	12.89	11.25	—	—	(2.16)	1.64
PPS 75/100 guarantee policy	10.64	12.82	—	—	—	(2.18)	1.60

⁽¹⁾ The Fund commenced on May 11, 2020 and as a result does not have comparative figures for the prior years.

Global Growth Balanced Fund 1.02MAC

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Global Growth Balanced Fund 1.02MAC (the Fund) is offered by The Canada Life Assurance Company (the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Global Growth Balanced Fund 1.02MAC

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Global Growth Balanced Fund 1.02MAC

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Global Growth Balanced Fund 1.02MAC

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

Global Growth Balanced Fund 1.02MAC

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

Global Growth Balanced Fund 1.02MAC

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Global Growth Balanced Fund 1.02MAC

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Global Growth Balanced Fund 1.02MAC

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Global Growth Balanced Fund 1.02MAC

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

The NAV per unit for group contractholders has not been shown because it will vary for each sub-class within the group contractholder class based on negotiated expense levels and other factors.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Global Growth Balanced Fund 1.02MAC

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Global Growth Balanced Fund 1.02MAC

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.82	2.78	2.79	—	—
75/100 guarantee policy	3.09	3.05	3.07	—	—
PS1 75/75 guarantee policy	2.46	2.44	2.42	—	—
PS1 75/100 guarantee policy	2.73	2.70	2.69	—	—
PS 75/75 guarantee policy	1.71	1.69	1.70	—	—
PS 75/100 guarantee policy	1.98	1.97	—	—	—
PPS 75/75 guarantee policy	1.36	1.34	1.32	—	—
PPS 75/100 guarantee policy	1.63	1.61	—	—	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
PS1 75/75 guarantee policy	2.46	2.44	2.45	—	—
PS1 75/100 guarantee policy	2.73	2.70	2.72	—	—
PPS 75/75 guarantee policy	1.36	1.34	1.35	—	—
PPS 75/100 guarantee policy	1.63	1.61	—	—	—

Portfolio Turnover Rate (%) ⁽³⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	14.49	3.62	7.12	—	—

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

(4) The Fund commenced on May 11, 2020 and as a result does not have comparative figures for the prior years.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
GLOBAL VALUE BALANCED FUND 1.01BG

December 31, 2022

Independent Auditor's Report

To the Contractholders of Global Value Balanced Fund 1.01BG (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Global Value Balanced Fund 1.01BG

(in Canadian \$ thousands)

Fund Manager: Beutel, Goodman & Company Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 795	\$ 318
Investment income due and accrued	47	28
Due from The Canada Life Assurance Company (note 8)	116	13
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	5,006	3,134
Stocks	13,729	7,928
Investment fund units	—	—
Derivatives (note 7)	—	—
Total investments	18,735	11,062
Total assets	\$ 19,693	\$ 11,421
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	117	—
Due to outside parties	—	—
Derivatives (note 7)	—	—
Total liabilities excluding net assets attributable to contractholders	117	—
Net assets attributable to contractholders	\$ 19,576	\$ 11,421

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ 203	\$ 627
Miscellaneous income (loss)	1	(14)
Total income (loss)	204	613
Expenses		
Management fees (note 8)	339	195
Transaction costs	11	9
Withholding taxes	32	16
Other	40	25
Total expenses	422	245
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (218)	\$ 368

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 11,421	\$ 4,454
Contractholder deposits	9,298	9,172
Contractholder withdrawals	(925)	(2,573)
Increase (decrease) in net assets from operations attributable to contractholders	(218)	368
Change in net assets attributable to contractholders	8,155	6,967
Net assets attributable to contractholders - end of year	\$ 19,576	\$ 11,421

Global Value Balanced Fund 1.01BG

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (218)	\$ 368
Adjustments		
Realized (gains) losses	(142)	(407)
Unrealized (gains) losses	332	(24)
Gross proceeds of disposition of investments	4,973	6,337
Gross payments for the purchase of investments	(12,836)	(12,647)
Change in investment income due and accrued	(19)	(19)
Change in due from/to The Canada Life Assurance Company	(103)	(1)
Change in due from/to brokers	117	(71)
Change in due from/to outside parties	—	—
	<u>(7,896)</u>	<u>(6,464)</u>
Financing Activities		
Contractholder deposits	9,298	9,172
Contractholder withdrawals	(925)	(2,573)
	<u>8,373</u>	<u>6,599</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	477	135
Cash, short-term deposits and overdrafts, beginning of year	318	183
Cash, short-term deposits and overdrafts, end of year	\$ 795	\$ 318
Supplementary cash flow information		
Interest income received	\$ 112	\$ 52
Dividend income received	259	125

Global Value Balanced Fund 1.01BG

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds			
Federal Government			
Government of Canada 0.25% 03-01-2026	30,000	28	27
Government of Canada 1.00% 09-01-2026	29,000	26	26
Government of Canada 1.25% 03-01-2025	19,000	19	18
Government of Canada 1.50% 06-01-2023	137,000	138	135
Government of Canada 1.50% 06-01-2031	98,000	86	85
Government of Canada 1.50% 12-01-2031	105,000	93	90
Government of Canada 1.75% 12-01-2053	56,000	41	39
Government of Canada 2.00% 06-01-2032	430,000	388	386
Government of Canada 2.00% 12-01-2051	257,000	235	196
Government of Canada 2.25% 03-01-2024	19,000	19	19
Total Federal Government		1,073	1,021
Provincial Government			
Province of Alberta 2.05% 06-01-2030	164,000	156	144
Province of Alberta 2.35% 06-01-2025	99,000	102	95
Province of Alberta 3.10% 06-01-2050	83,000	82	67
Province of British Columbia 2.80% 06-18-2048	49,000	47	38
Province of British Columbia 2.95% 06-18-2050	60,000	60	47
Province of Ontario 1.90% 12-02-2051	431,000	327	264
Province of Ontario 2.05% 06-02-2030	70,000	63	61
Province of Ontario 2.15% 06-02-2031	153,000	148	133
Province of Ontario 2.40% 06-02-2026	30,000	31	29
Province of Ontario 2.80% 06-02-2048	30,000	25	23
Province of Ontario 3.45% 06-02-2045	96,000	99	84
Province of Ontario 3.75% 06-02-2032	117,000	118	114
Province of Quebec 2.85% 12-01-2053	12,000	10	9
Province of Quebec 3.10% 12-01-2051	98,000	93	79
Province of Quebec 3.25% 09-01-2032	75,000	73	70
Province of Quebec 3.50% 12-01-2045	138,000	143	122
Province of Quebec 3.50% 12-01-2048	65,000	69	57
Total Provincial Government		1,646	1,436
Corporate - Non-convertible			
Air Canada 4.625% 08-15-2029	110,000	110	97
Algonquin Power Co. 2.85% 07-15-2031	87,000	76	71

Global Value Balanced Fund 1.01BG

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
AltaGas Ltd. 5.25% 01-11-2082	31,000	29	25
AltaGas Ltd. 7.35% 08-17-2082	51,000	51	50
ARC Resources Ltd. 2.354% 03-10-2026	29,000	29	27
Bank of Montreal 2.85% 03-06-2024	46,000	47	45
Bell Canada Inc. 3.60% 09-29-2027	104,000	100	99
Brookfield Infrastructure Finance ULC 2.855% 09-01-2032	29,000	26	23
Canadian Imperial Bank of Commerce 1.96% 04-21-2031	210,000	194	186
Canadian Imperial Bank of Commerce 5.05% 10-07-2027	12,000	12	12
Capital Power Corp. 7.95% 09-09-2082	42,000	42	41
Cenovus Energy Inc. 3.50% 02-07-2028	32,000	33	30
CU Inc. 4.947% 11-15-2050	100,000	118	100
Enbridge Gas Distribution Inc. 7.60% 10-29-2026	50,000	65	55
Enbridge Inc. 6.625% 04-12-2078	166,000	169	160
Enbridge Pipelines Inc. 6.35% 11-17-2023	20,000	23	20
Gibson Energy Inc. 5.25% 12-22-2030	36,000	36	31
Government of Canada 2.50% 12-01-2032	30,000	29	28
Intact Financial Corp. 4.125% 03-31-2081	37,000	38	31
Inter Pipeline Ltd. 2.734% 04-18-2024	12,000	12	12
Inter Pipeline Ltd. 3.983% 11-25-2031	48,000	43	42
Inter Pipeline Ltd. 5.76% 02-17-2028	23,000	23	23
Inter Pipeline Ltd. 5.849% 05-18-2032	20,000	20	20
Parkland Corp. of Canada 3.875% 06-16-2026	57,000	57	52
Penske Truck Leasing Canada Inc. 5.44% 12-08-2025	9,000	9	9
Primaris REIT 4.267% 03-30-2025	11,000	11	11
Province of Quebec 4.40% 12-01-2055	25,000	27	26
Royal Bank of Canada 3.369% 09-29-2025	46,000	46	44
Royal Bank of Canada 4.00% 02-24-2081	49,000	50	43
Royal Bank of Canada 4.50% 11-24-2080	71,000	74	66
SNC-Lavalin Group Inc. 7.00% 06-12-2026	26,000	26	26
Stantec Inc. 2.048% 10-08-2027	27,000	27	24
Sun Life Financial Inc. 2.46% 11-18-2031	11,000	11	10
Sun Life Financial Inc. 2.80% 11-21-2033	30,000	29	26
TELUS Corp. 5.00% 09-13-2029	24,000	24	24
The Bank of Nova Scotia 1.85% 11-02-2026	10,000	10	9
The Bank of Nova Scotia 1.95% 01-10-2025	62,000	62	58
The Toronto-Dominion Bank 2.667% 09-09-2025	58,000	56	55
The Toronto-Dominion Bank 4.68% 01-08-2029	55,000	55	54

Global Value Balanced Fund 1.01BG

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
The Toronto-Dominion Bank 5.376% 10-21-2027	28,000	28	28
The Toronto-Dominion Bank 7.283% 10-31-2082	16,000	16	16
TransCanada PipeLines Ltd. 7.90% 04-15-2027	100,000	121	109
TransCanada PipeLines Ltd. 8.21% 04-25-2030	10,000	14	11
TransCanada PipeLines Ltd. 8.29% 02-05-2026	15,000	19	16
TransCanada PipeLines Ltd. Floating Rate 05-18-2077	27,000	27	24
Union Gas Ltd. 8.65% 11-10-2025	6,000	8	7
Videotron Ltd. 4.50% 01-15-2030	40,000	41	35
Videotron Ltd./Videotron Ltee 3.625% 06-15-2028	30,000	30	26
Westcoast Energy Inc. 8.85% 07-21-2025	15,000	20	16
WSP Global Inc. 2.408% 04-19-2028	85,000	77	75
Total Corporate - Non-convertible		2,300	2,128
Total Canadian Bonds		5,019	4,585
United States Bonds			
Corporate - Non-convertible			
Air Lease Corp. 2.625% 12-05-2024	58,000	59	55
Bank of America Corp. 1.978% 09-15-2027	33,000	33	29
Goldman Sachs Group Inc. Floating Rate 04-29-2025	4,000	4	4
The Goldman Sachs Group Inc. 2.599% 11-30-2027	132,000	125	119
Verizon Communications Inc. 2.375% 03-22-2028	62,000	56	55
Total Corporate - Non-convertible		277	262
Total United States Bonds		277	262
Global Bonds			
Australia			
Macquarie Group Ltd. 2.723% 08-21-2029	50,000	47	42
France			
BNP Paribas SA 2.538% 07-13-2029	42,000	38	35
Jersey			
Heathrow Funding Ltd. 2.694% 10-13-2027	56,000	52	50

Global Value Balanced Fund 1.01BG

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Global Bonds (continued)			
Jersey (continued)			
Heathrow Funding Ltd. 3.726% 04-13-2033	38,000	37	32
Total Global Bonds		174	159
Total Bonds		5,470	5,006
Canadian Common Stock			
Communication Services			
Quebecor Media Inc. Class B sub. voting	411	12	12
Rogers Communications Inc. Class B non-voting	408	25	26
TELUS Corp.	237	6	6
Consumer Discretionary			
BRP Inc.	134	13	14
Canadian Tire Corp. Ltd. Class A non-voting	86	13	12
Magna International Inc.	311	26	24
Restaurant Brands International Inc.	330	25	29
Consumer Staples			
Alimentation Couche-Tard Inc.	361	18	21
George Weston Ltd.	75	10	13
Loblaw Companies Ltd.	31	3	4
Metro Inc.	205	13	15
Saputo Inc.	531	18	18
Energy			
Hydro One Ltd.	142	4	5
Suncor Energy Inc.	522	19	22
TC Energy Corp.	487	30	26
Financials			
Bank of Montreal	192	23	24
Brookfield Asset Management Inc. Class A	134	6	5
Brookfield Corp.	526	26	22
Manulife Financial Corp.	946	23	23
Royal Bank of Canada	421	52	54
Sun Life Financial Inc.	393	24	25

Global Value Balanced Fund 1.01BG

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock (continued)			
Financials (continued)			
The Bank of Nova Scotia	135	10	9
The Toronto-Dominion Bank	518	43	45
Industrials			
CAE Inc.	480	15	13
Canadian National Railway Co.	165	24	27
Canadian Pacific Railway Ltd.	195	18	20
Ritchie Bros. Auctioneers Inc.	224	18	18
Information Technology			
CGI Group Inc. Class A sub. voting	114	12	13
Open Text Corp.	389	20	16
Materials			
CCL Industries Inc. Class B non-voting	285	17	16
Franco-Nevada Corp.	29	5	5
Nutrien Ltd.	136	11	13
Utilities			
Fortis Inc.	366	21	20
Total Canadian Common Stock		603	615
United States Common Stock			
Communication Services			
Comcast Corp. Class A	4,877	279	231
Omnicom Group Inc.	4,439	405	491
The Interpublic Group of Companies Inc.	7,188	308	324
Consumer Discretionary			
eBay Inc.	4,652	330	261
Gentex Corp.	5,287	219	195
Harley-Davidson Inc.	7,564	360	427
Polaris Inc.	2,182	331	298
Tempur Sealy International Inc.	4,655	167	216

Global Value Balanced Fund 1.01BG

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
United States Common Stock (continued)			
Consumer Staples			
Campbell Soup Co.	5,213	318	400
Kellogg Co.	3,958	336	382
Kimberly-Clark Corp.	2,232	383	410
Financials			
American Express Co.	1,639	315	328
Ameriprise Financial Inc.	651	211	274
BlackRock Inc.	331	276	318
SEI Investments Co.	4,056	303	320
The Carlyle Group Inc.	4,218	184	170
Health Care			
AmerisourceBergen Corp.	1,009	167	226
Amgen Inc.	1,275	390	454
Biogen Inc.	987	330	370
Merck & Co. Inc.	2,059	219	309
Industrials			
Cummins Inc.	909	255	298
Flowserve Corp.	6,776	289	281
Masco Corp.	4,379	286	277
MillerKnoll Inc.	5,656	259	161
Parker Hannifin Corp.	380	132	150
Wabtec Corp.	2,447	264	331
Information Technology			
Gen Digital Inc.	11,934	368	346
NetApp Inc.	3,681	338	299
Qualcomm Inc.	1,993	317	297
Materials			
PPG Industries Inc.	405	71	69
Total United States Common Stock		8,410	8,913

Global Value Balanced Fund 1.01BG

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Global Common Stock			
Australia			
Ampol Ltd.	6,825	182	178
Denmark			
Carlsberg AS	1,108	202	199
Finland			
Konecranes OYJ	5,021	208	209
France			
Compagnie Generale des Etablissements Michelin	4,216	172	159
Germany			
BASF SE	1,729	135	116
HeidelbergCement AG	1,661	135	128
Guernsey			
Amdocs Ltd.	3,802	379	468
Japan			
Hakuhodo DY Holdings Inc.	6,381	94	88
Nippon Telegraph & Telephone Corp.	3,954	140	154
Shionogi & Co. Ltd.	2,190	155	149
Netherlands			
Akzo Nobel NV	1,617	176	147
Euronext NV	1,001	96	100
Koninklijke KPN NV	38,127	154	160
Norway			
Atea ASA	10,933	188	171
TGS ASA	6,643	116	120
Singapore			
DBS Group Holdings Ltd.	1,416	41	49
Sweden			
Essity AB	4,710	172	167

Global Value Balanced Fund 1.01BG

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Global Common Stock (continued)			
Switzerland			
Dormakaba Holding AG	287	189	142
Julius Baer Group Ltd.	1,870	127	148
Novartis AG	978	108	120
Roche Holding AG Genusscheine	367	168	156
United Kingdom			
GSK PLC	5,202	136	122
IMI PLC	8,499	194	179
ITV PLC	104,524	156	129
Smith & Nephew PLC	7,712	162	140
Smiths Group PLC	7,197	181	188
Unilever PLC	1,685	109	115
Total Global Common Stock		4,275	4,201
Total Stocks		13,288	13,729
Transaction Costs (note 2)		(11)	
Total Investments		18,747	18,735

Global Value Balanced Fund 1.01BG

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Global Value Balanced Fund 1.01BG (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

Global Value Balanced Fund 1.01BG

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2022 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2022

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 9,381	\$ —	\$ 9,381	\$ 94
Euro	1,019	23	1,042	10
United Kingdom Pound Sterling	873	—	873	9
Other Currencies	1,841	15	1,856	19
Total	\$ 13,114	\$ 38	\$ 13,152	\$ 132
As Percent of Net Assets Attributable to Contractholders			67.2%	0.7%

*Includes both monetary and non-monetary instruments

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 5,493	\$ —	\$ 5,493	\$ 55
Euro	567	—	567	6
United Kingdom Pound Sterling	494	—	494	5
Other Currencies	991	—	991	9
Total	\$ 7,545	\$ —	\$ 7,545	\$ 75
As Percent of Net Assets Attributable to Contractholders			66.1%	0.7%

*Includes both monetary and non-monetary instruments

D. Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Due to the nature of short-term fixed income securities with a remaining term-to-maturity of less than one year, these investments are not generally exposed to a significant risk that their value will fluctuate in response to changes in the prevailing levels of market interest rates. The risk is professionally managed at the security and fund level by the Company.

Global Value Balanced Fund 1.01BG

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

D. Interest Rate Risk (continued)

The table below summarizes the Fund's exposure to interest rate risk by remaining term-to-maturity.

2022					
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ 155	\$ 1,184	\$ 2,003	\$ 1,664	\$ 5,006

2021					
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ 10	\$ 803	\$ 1,186	\$ 1,135	\$ 3,134

As at December 31, 2022, had prevailing interest rates increased or decreased by 1% assuming a parallel shift in the yield curve, with all other variables held constant, net assets attributable to contractholders would have decreased or increased, respectively, by approximately \$402 (\$255 at December 31, 2021) or approximately 2.1% (2.2% at December 31, 2021). The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual results may differ and the difference could be significant.

E. Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt instruments includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt instruments represents the maximum credit risk exposure as at December 31, 2022. The amount of credit risk to any one issuer may be determined from the information reported in the Schedule of Investment Portfolio. The Fund may invest in short-term fixed income securities issued or guaranteed primarily by the Government of Canada or any Canadian provincial government, obligations of Canadian chartered banks or trust companies, and commercial paper with approved credit ratings. The risk of default on these short-term fixed income securities is considered low. The Company monitors credit risk and credit ratings on a regular basis. All new counterparties to financial instruments are subject to an approval process.

There was no change in fair values of financial liabilities as a result of changes in credit risks during 2022 or 2021.

All transactions in listed securities are settled and paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Credit ratings disclosed below are obtained from independent rating agencies including DBRS, Standard & Poor's, Moody's Investors Service and Fitch Ratings. The lowest rating provided by the agencies is used.

Global Value Balanced Fund 1.01BG

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Credit Risk (continued)

Debt securities by credit rating are as follows:

	2022		2021	
	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)
AAA	0.3	0.1	—	—
AA	29.5	7.6	20.4	5.6
A	30.9	7.9	31.6	8.7
BBB	31.6	8.1	33.0	9.0
BB and lower	7.7	2.0	15.0	4.1
Total	100.0	25.7	100.0	27.4

F. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2022, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$137 (\$79 at December 31, 2021) or approximately 0.7% (0.7% at December 31, 2021) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

Global Value Balanced Fund 1.01BG

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

G. Fair Value Classification

The following table presents information about the Fund's assets and liabilities measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

	2022			
	Assets and Liabilities Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Bonds	\$ —	\$ 5,006	\$ —	\$ 5,006
Stocks	13,729	—	—	13,729
Derivatives	—	—	—	—
Total assets measured at fair value	\$ 13,729	\$ 5,006	\$ —	\$ 18,735
Liabilities measured at fair value				
Derivatives	\$ —	\$ —	\$ —	\$ —
Net assets attributable to contractholders measured at fair value	\$ 13,729	\$ 5,006	\$ —	\$ 18,735
	2021			
	Assets and Liabilities Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Bonds	\$ —	\$ 3,134	\$ —	\$ 3,134
Stocks	6,724	1,204	—	7,928
Derivatives	—	—	—	—
Total assets measured at fair value	\$ 6,724	\$ 4,338	\$ —	\$ 11,062
Liabilities measured at fair value				
Derivatives	\$ —	\$ —	\$ —	\$ —
Net assets attributable to contractholders measured at fair value	\$ 6,724	\$ 4,338	\$ —	\$ 11,062

In accordance with the Fund's valuation policy, the Fund applies fair value adjustment factors to the quoted market prices for certain non-North American equities when North American intraday stock market movements exceed predetermined tolerances. The adjustment factors are applied in order to estimate the impact on fair values of events occurring between the close of the non-North American stock markets and the close of business for the Fund. If fair value adjustment factors are applied, non-North American equities are classified as Level 2. Consequently, non-North American equities are frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices). As at December 31, 2022, these securities were classified as Level 1 (Level 2 at December 31, 2021).

Global Value Balanced Fund 1.01BG

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category ⁽¹⁾

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	309,443	136,946	213,613	—	—	3,552	1,629	2,389	—	—
75/100 guarantee policy	545,855	294,619	42,509	—	—	6,221	3,490	475	—	—
PS1 75/75 guarantee policy	170,305	115,718	52,506	—	—	1,973	1,385	589	—	—
PS1 75/100 guarantee policy	408,338	249,792	76,366	—	—	4,697	2,976	855	—	—
PS2 75/75 guarantee policy	6,324	6,530	6,603	—	—	78	81	75	—	—
PS2 75/100 guarantee policy	26,929	3,392	724	—	—	333	42	8	—	—
PS 75/75 guarantee policy	66,318	48,437	196	—	—	785	587	2	—	—
PS 75/100 guarantee policy	28,936	25,028	—	—	—	340	302	—	—	—
PPS 75/75 guarantee policy	78,510	68,456	5,387	—	—	937	835	61	—	—
PPS 75/100 guarantee policy	55,682	7,786	—	—	—	660	94	—	—	—

Net Assets Attributable to Contractholders Per Unit ⁽¹⁾ (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	11.48	11.90	11.19	—	—	(0.42)	0.71
75/100 guarantee policy	11.40	11.84	11.17	—	—	(0.44)	0.67
PS1 75/75 guarantee policy	11.59	11.97	11.21	—	—	(0.38)	0.76
PS1 75/100 guarantee policy	11.50	11.91	11.19	—	—	(0.41)	0.72
PS2 75/75 guarantee policy	12.36	12.46	11.39	—	—	(0.10)	1.07
PS2 75/100 guarantee policy	12.36	12.46	11.39	—	—	(0.10)	1.07
PS 75/75 guarantee policy	11.83	12.13	11.27	—	—	(0.30)	0.86
PS 75/100 guarantee policy	11.74	12.06	—	—	—	(0.32)	0.81
PPS 75/75 guarantee policy	11.94	12.19	11.29	—	—	(0.25)	0.90
PPS 75/100 guarantee policy	11.85	12.13	—	—	—	(0.28)	12.13

⁽¹⁾ The Fund commenced on May 11, 2020 and as a result does not have comparative figures for the prior years.

Global Value Balanced Fund 1.01BG

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Global Value Balanced Fund 1.01BG

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Global Value Balanced Fund 1.01BG

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Global Value Balanced Fund 1.01BG

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Bonds and Stocks

Bonds and stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Global Value Balanced Fund 1.01BG

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Derivatives

Derivatives are classified and measured at fair value. Derivatives are valued using market transactions and other market evidence whenever possible, including market based inputs to models, broker or dealer quotations or alternative pricing sources with reasonable levels of transparency. When models are used, the selection of a particular model to value a derivative depends on the contractual terms of, and specific risks inherent in, the instrument, as well as the availability of pricing information in the market. The Company generally uses similar models to value similar instruments. Valuation models require a variety of inputs, including contractual terms, market prices and rates, yield curves, credit curves, measures volatility, prepayment rates and correlations of such inputs.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Interest income on debt securities - included in the change in fair value of such investments and recorded on the accrual basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Global Value Balanced Fund 1.01BG

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

Global Value Balanced Fund 1.01BG

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Income Allocation

Net gain (loss) on investments, which includes dividend income, interest income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Global Value Balanced Fund 1.01BG

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

Individual units are available under these different options:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Global Value Balanced Fund 1.01BG

Notes to the Financial Statements

(in Canadian \$ thousands)

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

The NAV per unit for group contractholders has not been shown because it will vary for each sub-class within the group contractholder class based on negotiated expense levels and other factors.

7. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative contracts, including forward currency, futures and equity swap contracts, are valued at the gain or loss that would arise as a result of closing the position at the reporting date. Options are recorded at fair value as at the reporting date. The Fund may use derivative contracts to hedge against losses caused by changes in securities prices, interest rates, exchange rates and/or other risks. The Fund may also use derivative contracts for non-hedging purposes in order to invest indirectly in financial markets or to gain exposure to other currencies, provided the use of such derivatives is consistent with the Fund's investment objectives and strategies. Foreign currency risk and exposure may be direct or indirect and can include all or a portion of the currency exposure of an existing investment or group of investments. Any such gain or loss on derivative contracts is recorded as part of net gain (loss) on investments.

As at the reporting date, the unrealized gain (loss) on derivative contracts is reflected on the Statement of Financial Position of the Fund.

The Fund manages derivative credit risk through collateral arrangements where required. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented by the Fund regarding the acceptability of types of collateral and the valuation parameters. The Fund Manager monitors the value of the collateral and requests additional collateral when needed.

Global Value Balanced Fund 1.01BG

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.

Global Value Balanced Fund 1.01BG

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.81	2.83	2.76	—	—
75/100 guarantee policy	3.09	3.11	3.03	—	—
PS1 75/75 guarantee policy	2.45	2.46	2.41	—	—
PS1 75/100 guarantee policy	2.72	2.76	2.69	—	—
PS 75/75 guarantee policy	1.69	1.71	1.66	—	—
PS 75/100 guarantee policy	1.97	1.99	—	—	—
PPS 75/75 guarantee policy	1.34	1.33	1.30	—	—
PPS 75/100 guarantee policy	1.62	1.63	—	—	—

Portfolio Turnover Rate (%) ⁽²⁾⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	34.08	78.64	42.21	—	—

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

(3) The Fund commenced on May 11, 2020 and as a result does not have comparative figures for the prior years.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
GLOBAL MULTI-SECTOR BOND FUND 1.06TRP

December 31, 2022

Independent Auditor's Report

To the Contractholders of Global Multi-Sector Bond Fund 1.06TRP (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Global Multi-Sector Bond Fund 1.06TRP

(in Canadian \$ thousands)

Fund Manager: T Rowe Price (Canada), Inc.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ 10
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	20	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	51,938	58,269
Total investments	51,938	58,269
Total assets	\$ 51,958	\$ 58,279
Liabilities		
Overdrafts	\$ 20	\$ —
Due to The Canada Life Assurance Company (note 8)	—	109
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	20	109
Net assets attributable to contractholders	\$ 51,938	\$ 58,170

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (9,113)	\$ 400
Miscellaneous income (loss)	—	—
Total income (loss)	(9,113)	400
Expenses		
Management fees (note 8)	319	312
Other	37	39
Total expenses	356	351
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (9,469)	\$ 49

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 58,170	\$ 19,962
Contractholder deposits	11,389	46,214
Contractholder withdrawals	(8,152)	(8,055)
Increase (decrease) in net assets from operations attributable to contractholders	(9,469)	49
Change in net assets attributable to contractholders	(6,232)	38,208
Net assets attributable to contractholders - end of year	\$ 51,938	\$ 58,170

Global Multi-Sector Bond Fund 1.06TRP

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (9,469)	\$ 49
Adjustments		
Realized (gains) losses	893	(99)
Unrealized (gains) losses	8,220	2,544
Gross proceeds of disposition of investments	8,922	6,146
Gross payments for the purchase of investments	(11,704)	(44,756)
Distribution income of underlying mutual fund	—	(2,845)
Change in due from/to The Canada Life Assurance Company	(129)	634
Change in due from/to brokers	—	—
	<u>(3,267)</u>	<u>(38,327)</u>
Financing Activities		
Contractholder deposits	11,389	46,214
Contractholder withdrawals	(8,152)	(8,055)
	<u>3,237</u>	<u>38,159</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(30)	(168)
Cash, short-term deposits and overdrafts, beginning of year	10	178
Cash, short-term deposits and overdrafts, end of year	\$ (20)	\$ 10

Global Multi-Sector Bond Fund 1.06TRP

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Global Multi Sector Bond Pool	5,860,765	62,259	51,938
Total Investments		62,259	51,938

Top 25 Holdings

Security Description	% of Total
United States Treasury 4.00% 12-15-2025	3.64%
Federal Republic of Germany 0.00% 04-16-2027	3.59%
Republic of Austria 0.50% 04-20-2027	3.54%
United States Treasury 2.625% 05-31-2027	3.49%
T. Rowe Price SICAV Diversified Income Bond Class S	3.41%
Government National Mortgage Association 4.50% 10-20-2052	3.36%
United Kingdom Treasury 4.25% 06-07-2032	3.14%
Federal Republic of Germany 0.00% 02-15-2032	2.25%
T. Rowe Price SICAV Global Investment Grade Corp Bond Class S	1.51%
Fannie Mae 6.00% 01-01-2053	1.49%
Government of Canada 1.50% 06-01-2031	1.36%
Kingdom of Sweden 2.25% 06-01-2032	1.35%
Government of Hungary 2.25% 04-20-2033	1.21%
Fannie Mae 4.50% 08-01-2052	1.14%
People's Republic of China 2.69% 08-15-2032	1.12%
People's Republic of China 2.60% 09-01-2032	1.11%
Kingdom of Thailand 2.00% 12-17-2031	0.94%
Government of Japan 1.30% 06-20-2052	0.86%
Federal Republic of Germany 1.70% 08-15-2032	0.78%
Government National Mortgage Association 6.00% 11-20-2052	0.77%
Government of Canada 2.00% 06-01-2032	0.75%
United States Treasury 3.25% 05-15-2042	0.74%
Government National Mortgage Association 4.00% 10-20-2052	0.70%
OCP CLO Ltd. 5.89% 07-20-2029	0.65%
Neuberger Berman Loan Advisers CLO 43 Ltd. 5.21% 7-17-2035	0.64%

Global Multi-Sector Bond Fund 1.06TRP

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 4 and are not included on this page.

Net Assets Attributable to Contractholders by Category ⁽¹⁾

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	256,701	316,185	622,943	—	—	2,300	3,442	6,887	—	—
75/100 guarantee policy	487,549	420,331	134,833	—	—	4,350	4,564	1,489	—	—
PS1 75/75 guarantee policy	276,858	276,993	96,661	—	—	2,509	3,037	1,072	—	—
PS1 75/100 guarantee policy	421,945	419,649	92,565	—	—	3,808	4,589	1,025	—	—
PS2 75/75 guarantee policy	14,684	46,161	13,188	—	—	140	523	148	—	—
PS2 75/100 guarantee policy	15,809	27,720	10,170	—	—	151	314	114	—	—
PS 75/75 guarantee policy	21,519	25,378	1,490	—	—	196	279	17	—	—
PS 75/100 guarantee policy	79,283	111,300	38,721	—	—	718	1,219	429	—	—
PPS 75/75 guarantee policy	46,919	31,814	—	—	—	432	352	—	—	—
PPS 75/100 guarantee policy	100,192	81,795	51,218	—	—	917	903	569	—	—

Net Assets Attributable to Contractholders Per Unit ⁽¹⁾ (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	8.96	10.89	11.06	—	—	(1.93)	(0.17)
75/100 guarantee policy	8.92	10.86	11.04	—	—	(1.94)	(0.18)
PS1 75/75 guarantee policy	9.06	10.97	11.09	—	—	(1.91)	(0.12)
PS1 75/100 guarantee policy	9.02	10.94	11.08	—	—	(1.92)	(0.14)
PS2 75/75 guarantee policy	9.56	11.33	11.23	—	—	(1.77)	0.10
PS2 75/100 guarantee policy	9.56	11.33	11.23	—	—	(1.77)	0.10
PS 75/75 guarantee policy	9.09	10.99	11.09	—	—	(1.90)	(0.10)
PS 75/100 guarantee policy	9.05	10.96	11.08	—	—	(1.91)	(0.12)
PPS 75/75 guarantee policy	9.20	11.06	—	—	—	(1.86)	(0.07)
PPS 75/100 guarantee policy	9.16	11.04	11.12	—	—	(1.88)	(0.08)

⁽¹⁾ The Fund commenced on May 11, 2020 and as a result does not have comparative figures for the prior years.

Global Multi-Sector Bond Fund 1.06TRP

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Global Multi-Sector Bond Fund 1.06TRP (the Fund) is offered by The Canada Life Assurance Company (the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Global Multi-Sector Bond Fund 1.06TRP

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Global Multi-Sector Bond Fund 1.06TRP

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Global Multi-Sector Bond Fund 1.06TRP

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

Global Multi-Sector Bond Fund 1.06TRP

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

Global Multi-Sector Bond Fund 1.06TRP

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Global Multi-Sector Bond Fund 1.06TRP

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Global Multi-Sector Bond Fund 1.06TRP

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

Portfolio units are those units owned by the Asset Allocation Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Global Multi-Sector Bond Fund 1.06TRP

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

The NAV per unit for group contractholders has not been shown because it will vary for each sub-class within the group contractholder class based on negotiated expense levels and other factors.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.

Global Multi-Sector Bond Fund 1.06TRP

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Global Multi-Sector Bond Fund 1.06TRP

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.47	2.50	2.41	—	—
75/100 guarantee policy	2.63	2.64	2.59	—	—
PS1 75/75 guarantee policy	2.05	2.05	1.97	—	—
PS1 75/100 guarantee policy	2.22	2.22	2.14	—	—
PS 75/75 guarantee policy	1.91	1.93	1.88	—	—
PS 75/100 guarantee policy	2.08	2.08	2.05	—	—
PPS 75/75 guarantee policy	1.49	1.49	—	—	—
PPS 75/100 guarantee policy	1.65	1.67	1.59	—	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
PS1 75/75 guarantee policy	2.12	2.12	2.08	—	—
PS1 75/100 guarantee policy	2.29	2.29	2.25	—	—
PPS 75/75 guarantee policy	1.56	1.56	—	—	—
PPS 75/100 guarantee policy	1.72	1.74	1.70	—	—

Portfolio Turnover Rate (%) ⁽³⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	16.93	14.97	0.32	—	—

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

(4) The Fund commenced on May 11, 2020 and as a result does not have comparative figures for the prior years.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
GLOBAL EQUITY FUND 1.08CG

December 31, 2022

Independent Auditor's Report

To the Contractholders of Global Equity Fund 1.08CG (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Global Equity Fund 1.08CG

(in Canadian \$ thousands)

Fund Manager: Capital Group

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ 49
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	82	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	45,417	45,612
Total investments	45,417	45,612
Total assets	\$ 45,499	\$ 45,661
Liabilities		
Overdrafts	\$ 80	\$ —
Due to The Canada Life Assurance Company (note 8)	36	27
Due to brokers	—	15
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	116	42
Net assets attributable to contractholders	\$ 45,383	\$ 45,619

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (9,577)	\$ 3,045
Miscellaneous income (loss)	—	—
Total income (loss)	(9,577)	3,045
Expenses		
Management fees (note 8)	1,035	781
Other	95	66
Total expenses	1,130	847
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (10,707)	\$ 2,198

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 45,619	\$ 13,232
Contractholder deposits	13,813	34,360
Contractholder withdrawals	(3,342)	(4,171)
Increase (decrease) in net assets from operations attributable to contractholders	(10,707)	2,198
Change in net assets attributable to contractholders	(236)	32,387
Net assets attributable to contractholders - end of year	\$ 45,383	\$ 45,619

Global Equity Fund 1.08CG

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (10,707)	\$ 2,198
Adjustments		
Realized (gains) losses	583	(420)
Unrealized (gains) losses	10,054	(1,600)
Gross proceeds of disposition of investments	4,734	4,066
Gross payments for the purchase of investments	(14,116)	(33,411)
Distribution income of underlying mutual fund	(1,060)	(1,025)
Change in due from/to The Canada Life Assurance Company	9	29
Change in due from/to brokers	(97)	(129)
	<u>(10,600)</u>	<u>(30,292)</u>
Financing Activities		
Contractholder deposits	13,813	34,360
Contractholder withdrawals	(3,342)	(4,171)
	<u>10,471</u>	<u>30,189</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(129)	(103)
Cash, short-term deposits and overdrafts, beginning of year	49	152
Cash, short-term deposits and overdrafts, end of year	\$ (80)	\$ 49

Global Equity Fund 1.08CG

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Capital Group Global Equity Fund (Canada) Series I	1,068,290	52,403	45,417
Total Investments		52,403	45,417

Top 25 Holdings

Security Description	% of Total
Cash and short-term deposits	4.71%
UnitedHealth Group Inc.	3.16%
Eli Lilly and Co.	2.50%
Microsoft Corp.	2.32%
Novo Nordisk AS	2.23%
Taiwan Semiconductor Manufacturing Co. Ltd.	2.13%
Reliance Industries Ltd.	1.90%
Thermo Fisher Scientific Inc.	1.55%
Caterpillar Inc.	1.37%
Canadian Natural Resources Ltd.	1.36%
Cenovus Energy Inc.	1.32%
The Home Depot Inc.	1.25%
AIA Group Ltd.	1.22%
Alnylam Pharmaceuticals Inc.	1.22%
Tourmaline Oil Corp.	1.18%
Nestle SA	1.16%
Alphabet Inc. Class A	1.06%
Centene Corp.	1.06%
Pfizer Inc.	1.04%
Baker Hughes Co.	1.03%
Rockwell Automation Inc.	1.01%
BAE Systems PLC	1.00%
First Quantum Minerals Ltd.	0.97%
Linde PLC	0.92%
Applied Materials Inc.	0.91%

Global Equity Fund 1.08CG

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category ⁽¹⁾

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	579,234	484,152	283,387	—	—	6,151	6,691	3,600	—	—
75/100 guarantee policy	1,169,283	786,526	135,241	—	—	12,312	10,813	1,714	—	—
PS1 75/75 guarantee policy	493,662	424,702	158,471	—	—	5,292	5,905	2,018	—	—
PS1 75/100 guarantee policy	1,365,096	1,116,883	424,175	—	—	14,508	15,445	5,390	—	—
PS2 75/75 guarantee policy	57,501	30,911	—	—	—	659	448	—	—	—
PS2 75/100 guarantee policy	105,142	109,740	280	—	—	1,208	1,593	4	—	—
PS 75/75 guarantee policy	39,843	24,325	4,737	—	—	436	342	60	—	—
PS 75/100 guarantee policy	64,053	53,410	5,458	—	—	694	747	70	—	—
PPS 75/75 guarantee policy	168,387	113,491	27,836	—	—	1,858	1,606	357	—	—
PPS 75/100 guarantee policy	207,058	144,108	1,470	—	—	2,265	2,029	19	—	—

Net Assets Attributable to Contractholders Per Unit ⁽¹⁾ (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	10.62	13.82	12.70	—	—	(3.20)	1.12
75/100 guarantee policy	10.53	13.75	12.68	—	—	(3.22)	1.07
PS1 75/75 guarantee policy	10.72	13.90	12.73	—	—	(3.18)	1.17
PS1 75/100 guarantee policy	10.63	13.83	12.71	—	—	(3.20)	1.12
PS2 75/75 guarantee policy	11.46	14.48	—	—	—	(3.02)	1.56
PS2 75/100 guarantee policy	11.49	14.51	12.95	—	—	(3.02)	1.56
PS 75/75 guarantee policy	10.93	14.07	12.80	—	—	(3.14)	1.27
PS 75/100 guarantee policy	10.84	13.99	12.77	—	—	(3.15)	1.22
PPS 75/75 guarantee policy	11.03	14.15	12.82	—	—	(3.12)	1.33
PPS 75/100 guarantee policy	10.94	14.08	12.80	—	—	(3.14)	1.28

⁽¹⁾ The Fund commenced on May 11, 2020 and as a result does not have comparative figures for the prior years.

Global Equity Fund 1.08CG

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Global Equity Fund 1.08CG (the Fund) is offered by The Canada Life Assurance Company (the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Global Equity Fund 1.08CG

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Global Equity Fund 1.08CG

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Global Equity Fund 1.08CG

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

Global Equity Fund 1.08CG

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

Global Equity Fund 1.08CG

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Global Equity Fund 1.08CG

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Global Equity Fund 1.08CG

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

The NAV per unit for group contractholders has not been shown because it will vary for each sub-class within the group contractholder class based on negotiated expense levels and other factors.

Global Equity Fund 1.08CG

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.

Global Equity Fund 1.08CG

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Global Equity Fund 1.08CG

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	3.01	2.97	3.02	—	—
75/100 guarantee policy	3.33	3.31	3.35	—	—
PS1 75/75 guarantee policy	2.67	2.62	2.64	—	—
PS1 75/100 guarantee policy	2.99	2.97	2.96	—	—
PS 75/75 guarantee policy	1.91	1.88	1.92	—	—
PS 75/100 guarantee policy	2.25	2.23	2.25	—	—
PPS 75/75 guarantee policy	1.57	1.54	1.52	—	—
PPS 75/100 guarantee policy	1.90	1.88	1.86	—	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
PS1 75/75 guarantee policy	2.67	2.62	2.68	—	—
PS1 75/100 guarantee policy	2.99	2.97	3.00	—	—
PPS 75/75 guarantee policy	1.57	1.54	1.56	—	—
PPS 75/100 guarantee policy	1.90	1.88	1.90	—	—

Portfolio Turnover Rate (%) ⁽³⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	11.13	13.30	1.38	—	—

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

(4) The Fund commenced on May 11, 2020 and as a result does not have comparative figures for the prior years.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
GLOBAL FOUNDERS FUND 1.00BG

December 31, 2022

Independent Auditor's Report

To the Contractholders of Global Founders Fund 1.00BG (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Global Founders Fund 1.00BG

(in Canadian \$ thousands)

Fund Manager: Beutel, Goodman & Company Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 699	\$ 511
Investment income due and accrued	18	19
Due from The Canada Life Assurance Company (note 8)	—	19
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	—	—
Stocks	16,076	12,535
Investment fund units	—	—
Derivatives (note 7)	—	—
Total investments	16,076	12,535
Total assets	\$ 16,793	\$ 13,084
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	2	—
Due to brokers	—	—
Due to outside parties	—	—
Derivatives (note 7)	—	—
Total liabilities excluding net assets attributable to contractholders	2	—
Net assets attributable to contractholders	\$ 16,791	\$ 13,084

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ 554	\$ 782
Miscellaneous income (loss)	(4)	(23)
Total income (loss)	550	759
Expenses		
Management fees (note 8)	149	96
Transaction costs	13	14
Withholding taxes	45	21
Other	16	12
Total expenses	223	143
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 327	\$ 616

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year		
	\$ 13,084	\$ 3,028
Contractholder deposits	5,539	11,172
Contractholder withdrawals	(2,159)	(1,732)
Increase (decrease) in net assets from operations attributable to contractholders	327	616
Change in net assets attributable to contractholders	3,707	10,056
Net assets attributable to contractholders - end of year	\$ 16,791	\$ 13,084

Global Founders Fund 1.00BG

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 327	\$ 616
Adjustments		
Realized (gains) losses	(274)	(414)
Unrealized (gains) losses	99	(184)
Gross proceeds of disposition of investments	3,979	2,804
Gross payments for the purchase of investments	(7,345)	(11,844)
Change in investment income due and accrued	1	(16)
Change in due from/to The Canada Life Assurance Company	21	(10)
Change in due from/to brokers	—	(174)
Change in due from/to outside parties	—	—
	<u>(3,192)</u>	<u>(9,222)</u>
Financing Activities		
Contractholder deposits	5,539	11,172
Contractholder withdrawals	(2,159)	(1,732)
	<u>3,380</u>	<u>9,440</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	188	218
Cash, short-term deposits and overdrafts, beginning of year	511	293
Cash, short-term deposits and overdrafts, end of year	\$ 699	\$ 511
Supplementary cash flow information		
Dividend income received	\$ 373	\$ 168

Global Founders Fund 1.00BG

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock			
Communication Services			
Quebecor Media Inc. Class B sub. voting	509	15	15
Rogers Communications Inc. Class B non-voting	509	31	32
TELUS Corp.	288	8	8
Consumer Discretionary			
BRP Inc.	170	17	18
Canadian Tire Corp. Ltd. Class A non-voting	106	18	15
Magna International Inc.	387	35	29
Restaurant Brands International Inc.	419	32	37
Consumer Staples			
Alimentation Couche-Tard Inc.	443	20	26
George Weston Ltd.	93	11	16
Loblaw Companies Ltd.	42	3	5
Metro Inc.	253	16	19
Saputo Inc.	667	23	22
Energy			
Hydro One Ltd.	178	5	6
Suncor Energy Inc.	649	21	28
TC Energy Corp.	622	37	34
Financials			
Bank of Montreal	238	29	29
Brookfield Asset Management Inc. Class A	161	7	6
Brookfield Corp.	646	32	28
Manulife Financial Corp.	1,185	29	29
Royal Bank of Canada	526	66	67
Sun Life Financial Inc.	490	30	31
The Bank of Nova Scotia	171	12	11
The Toronto-Dominion Bank	641	52	56
Industrials			
CAE Inc.	595	19	16
Canadian National Railway Co.	222	32	36
Canadian Pacific Railway Ltd.	245	23	25
Ritchie Bros. Auctioneers Inc.	286	22	22

Global Founders Fund 1.00BG

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock (continued)			
Information Technology			
CGI Group Inc. Class A sub. voting	141	15	16
Open Text Corp.	510	27	20
Materials			
CCL Industries Inc. Class B non-voting	349	22	20
Franco-Nevada Corp.	42	7	8
Nutrien Ltd.	173	13	17
Utilities			
Fortis Inc.	461	26	25
Total Canadian Common Stock		755	772
United States Common Stock			
Communication Services			
Comcast Corp. Class A	5,492	338	260
Omnicom Group Inc.	4,989	452	552
The Interpublic Group of Companies Inc.	8,086	353	365
Consumer Discretionary			
eBay Inc.	5,230	401	294
Gentex Corp.	5,944	257	220
Harley-Davidson Inc.	8,506	414	479
Polaris Inc.	2,459	386	336
Tempur Sealy International Inc.	5,230	186	243
Consumer Staples			
Campbell Soup Co.	5,864	343	450
Kellogg Co.	4,450	363	429
Kimberly-Clark Corp.	2,508	429	461
Financials			
American Express Co.	1,842	352	368
Ameriprise Financial Inc.	736	228	310
BlackRock Inc.	375	309	360
SEI Investments Co.	4,559	344	360
The Carlyle Group Inc.	4,751	209	192

Global Founders Fund 1.00BG

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
United States Common Stock (continued)			
Health Care			
AmerisourceBergen Corp.	1,128	169	253
Amgen Inc.	1,434	421	510
Biogen Inc.	1,102	385	413
Merck & Co. Inc.	2,316	232	348
Industrials			
Cummins Inc.	1,022	292	335
Flowserve Corp.	7,618	345	316
Masco Corp.	4,923	321	311
MillerKnoll Inc.	6,362	322	181
Parker Hannifin Corp.	426	150	168
Wabtec Corp.	2,752	290	372
Information Technology			
Gen Digital Inc.	13,428	410	390
NetApp Inc.	4,148	384	337
Qualcomm Inc.	2,237	356	333
Materials			
PPG Industries Inc.	453	86	77
Total United States Common Stock		9,527	10,023
Global Common Stock			
Australia			
Ampol Ltd.	8,697	232	227
Denmark			
Carlsberg AS	1,415	271	255
Finland			
Konecranes OYJ	6,396	281	267
France			
Compagnie Generale des Etablissements Michelin	5,374	231	202

Global Founders Fund 1.00BG

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Global Common Stock (continued)			
Germany			
BASF SE	2,198	190	148
HeidelbergCement AG	2,120	187	164
Guernsey			
Amdocs Ltd.	4,275	409	526
Japan			
Hakuhodo DY Holdings Inc.	8,119	129	111
Nippon Telegraph & Telephone Corp.	5,032	174	195
Shionogi & Co. Ltd.	2,786	201	189
Netherlands			
Akzo Nobel NV	2,060	237	187
Euronext NV	1,277	122	128
Koninklijke KPN NV	48,537	195	203
Norway			
Atea ASA	13,918	260	218
TGS ASA	8,452	139	153
Singapore			
DBS Group Holdings Ltd.	1,805	50	62
Sweden			
Essity AB	5,995	227	213
Switzerland			
Dormakaba Holding AG	361	263	179
Julius Baer Group Ltd.	2,388	163	188
Novartis AG	1,237	135	151
Roche Holding AG Genussscheine	475	219	202
United Kingdom			
GSK PLC	6,626	178	156
IMI PLC	10,825	265	228
ITV PLC	133,123	216	164
Smith & Nephew PLC	9,817	217	178

Global Founders Fund 1.00BG

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock (continued)			
United Kingdom (continued)			
Smiths Group PLC	9,161	234	240
Unilever PLC	2,141	140	147
Total Global Common Stock		5,565	5,281
Total Stocks		15,847	16,076
Transaction Costs (note 2)		(17)	
Total Investments		15,830	16,076

Global Founders Fund 1.00BG

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Global Founders Fund 1.00BG (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

Global Founders Fund 1.00BG

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2022 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2022

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 10,549	\$ —	\$ 10,549	\$ 106
Euro	1,299	—	1,299	13
United Kingdom Pound Sterling	1,113	—	1,113	11
Other Currencies	2,343	—	2,343	23
Total	\$ 15,304	\$ —	\$ 15,304	\$ 153
As Percent of Net Assets Attributable to Contractholders			91.1%	0.9%

*Includes both monetary and non-monetary instruments

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 8,278	\$ —	\$ 8,278	\$ 83
Euro	1,009	—	1,009	10
United Kingdom Pound Sterling	878	—	878	9
Other Currencies	1,753	—	1,753	17
Total	\$ 11,918	\$ —	\$ 11,918	\$ 119
As Percent of Net Assets Attributable to Contractholders			91.1%	0.9%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2022, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$161 (\$125 at December 31, 2021) or approximately 1.0% (1.0% at December 31, 2021) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

Global Founders Fund 1.00BG

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

The following table presents information about the Fund's assets and liabilities measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

		2022			
		Assets and Liabilities Measured at Fair Value			
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total	
Stocks	\$ 16,076	\$ —	\$ —	\$ 16,076	
Derivatives	—	—	—	—	
Total assets measured at fair value	\$ 16,076	\$ —	\$ —	\$ 16,076	
<u>Liabilities measured at fair value</u>					
Derivatives	\$ —	\$ —	\$ —	\$ —	
Net assets attributable to contractholders measured at fair value	\$ 16,076	\$ —	\$ —	\$ 16,076	

		2021			
		Assets and Liabilities Measured at Fair Value			
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total	
Stocks	\$ 10,403	\$ 2,132	\$ —	\$ 12,535	
Derivatives	—	—	—	—	
Total assets measured at fair value	\$ 10,403	\$ 2,132	\$ —	\$ 12,535	
<u>Liabilities measured at fair value</u>					
Derivatives	\$ —	\$ —	\$ —	\$ —	
Net assets attributable to contractholders measured at fair value	\$ 10,403	\$ 2,132	\$ —	\$ 12,535	

In accordance with the Fund's valuation policy, the Fund applies fair value adjustment factors to the quoted market prices for certain non-North American equities when North American intraday stock market movements exceed predetermined tolerances. The adjustment factors are applied in order to estimate the impact on fair values of events occurring between the close of the non-North American stock markets and the close of business for the Fund. If fair value adjustment factors are applied, non-North American equities are classified as Level 2. Consequently, non-North American equities are frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices). As at December 31, 2022, these securities were classified as Level 1 (Level 2 at December 31, 2021).

Global Founders Fund 1.00BG

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category ⁽¹⁾

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	104,072	58,534	125,655	—	—	1,323	745	1,449	—	—
75/100 guarantee policy	206,608	119,791	30,892	—	—	2,603	1,517	356	—	—
PS1 75/75 guarantee policy	57,748	37,362	1,671	—	—	741	478	19	—	—
PS1 75/100 guarantee policy	162,443	114,037	14,416	—	—	2,065	1,452	166	—	—
PS2 75/75 guarantee policy	31,059	5,011	3,199	—	—	425	67	38	—	—
PS2 75/100 guarantee policy	6,400	38,071	—	—	—	88	507	—	—	—
PS 75/75 guarantee policy	30,300	17,936	859	—	—	397	233	10	—	—
PS 75/100 guarantee policy	13,151	38,783	579	—	—	171	500	7	—	—
PPS 75/75 guarantee policy	23,561	11,107	939	—	—	311	145	11	—	—
PPS 75/100 guarantee policy	6,239	15,695	1,611	—	—	82	204	19	—	—

Net Assets Attributable to Contractholders Per Unit ⁽¹⁾ (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	12.71	12.73	11.54	—	—	(0.02)	1.19
75/100 guarantee policy	12.60	12.66	11.51	—	—	(0.06)	1.15
PS1 75/75 guarantee policy	12.83	12.80	11.56	—	—	0.03	1.24
PS1 75/100 guarantee policy	12.72	12.73	11.54	—	—	(0.01)	1.19
PS2 75/75 guarantee policy	13.68	13.33	11.74	—	—	0.35	1.59
PS2 75/100 guarantee policy	13.68	13.33	—	—	—	0.35	1.59
PS 75/75 guarantee policy	13.09	12.97	11.62	—	—	0.12	1.35
PS 75/100 guarantee policy	12.97	12.89	11.59	—	—	0.08	1.30
PPS 75/75 guarantee policy	13.21	13.04	11.64	—	—	0.17	1.40
PPS 75/100 guarantee policy	13.09	12.97	11.62	—	—	0.12	1.35

⁽¹⁾ The Fund commenced on May 11, 2020 and as a result does not have comparative figures for the prior years.

Global Founders Fund 1.00BG

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Global Founders Fund 1.00BG

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Global Founders Fund 1.00BG

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Global Founders Fund 1.00BG

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Stocks

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Global Founders Fund 1.00BG

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Derivatives

Derivatives are classified and measured at fair value. Derivatives are valued using market transactions and other market evidence whenever possible, including market based inputs to models, broker or dealer quotations or alternative pricing sources with reasonable levels of transparency. When models are used, the selection of a particular model to value a derivative depends on the contractual terms of, and specific risks inherent in, the instrument, as well as the availability of pricing information in the market. The Company generally uses similar models to value similar instruments. Valuation models require a variety of inputs, including contractual terms, market prices and rates, yield curves, credit curves, measures volatility, prepayment rates and correlations of such inputs.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Global Founders Fund 1.00BG

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

Global Founders Fund 1.00BG

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Income Allocation

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Global Founders Fund 1.00BG

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

Portfolio units are those units owned by the Asset Allocation Funds. Each Portfolio fund is represented by a separate category.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Global Founders Fund 1.00BG

Notes to the Financial Statements

(in Canadian \$ thousands)

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

The NAV per unit for group contractholders has not been shown because it will vary for each sub-class within the group contractholder class based on negotiated expense levels and other factors.

7. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative contracts, including forward currency, futures and equity swap contracts, are valued at the gain or loss that would arise as a result of closing the position at the reporting date. Options are recorded at fair value as at the reporting date. The Fund may use derivative contracts to hedge against losses caused by changes in securities prices, interest rates, exchange rates and/or other risks. The Fund may also use derivative contracts for non-hedging purposes in order to invest indirectly in financial markets or to gain exposure to other currencies, provided the use of such derivatives is consistent with the Fund's investment objectives and strategies. Foreign currency risk and exposure may be direct or indirect and can include all or a portion of the currency exposure of an existing investment or group of investments. Any such gain or loss on derivative contracts is recorded as part of net gain (loss) on investments.

As at the reporting date, the unrealized gain (loss) on derivative contracts is reflected on the Statement of Financial Position of the Fund.

The Fund manages derivative credit risk through collateral arrangements where required. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented by the Fund regarding the acceptability of types of collateral and the valuation parameters. The Fund Manager monitors the value of the collateral and requests additional collateral when needed.

Global Founders Fund 1.00BG

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.

Global Founders Fund 1.00BG

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.79	2.85	2.76	—	—
75/100 guarantee policy	3.12	3.18	3.09	—	—
PS1 75/75 guarantee policy	2.42	2.49	2.41	—	—
PS1 75/100 guarantee policy	2.75	2.82	2.74	—	—
PS 75/75 guarantee policy	1.67	1.69	1.66	—	—
PS 75/100 guarantee policy	2.03	2.05	1.98	—	—
PPS 75/75 guarantee policy	1.32	1.34	1.30	—	—
PPS 75/100 guarantee policy	1.69	1.69	1.64	—	—

Portfolio Turnover Rate (%) ⁽²⁾⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	28.17	36.15	17.66	—	—

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

(3) The Fund commenced on May 11, 2020 and as a result does not have comparative figures for the prior years.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
GLOBAL GROWTH EQUITY FUND 1.07TRP

December 31, 2022

Independent Auditor's Report

To the Contractholders of Global Growth Equity Fund 1.07TRP (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Global Growth Equity Fund 1.07TRP

(in Canadian \$ thousands)

Fund Manager: T Rowe Price (Canada), Inc.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ 164
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	109	106
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	63,593	85,696
Total investments	63,593	85,696
Total assets	\$ 63,702	\$ 85,966
Liabilities		
Overdrafts	\$ 139	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	139	—
Net assets attributable to contractholders	\$ 63,563	\$ 85,966

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (20,963)	\$ 4,147
Miscellaneous income (loss)	—	—
Total income (loss)	(20,963)	4,147
Expenses		
Management fees (note 8)	815	761
Other	85	89
Total expenses	900	850
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (21,863)	\$ 3,297

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year		
	\$ 85,966	\$ 25,369
Contractholder deposits	5,732	67,058
Contractholder withdrawals	(6,272)	(9,758)
Increase (decrease) in net assets from operations attributable to contractholders	(21,863)	3,297
Change in net assets attributable to contractholders	(22,403)	60,597
Net assets attributable to contractholders - end of year	\$ 63,563	\$ 85,966

Global Growth Equity Fund 1.07TRP

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (21,863)	\$ 3,297
Adjustments		
Realized (gains) losses	2,841	(240)
Unrealized (gains) losses	18,699	3,015
Gross proceeds of disposition of investments	9,513	5,524
Gross payments for the purchase of investments	(8,373)	(62,260)
Distribution income of underlying mutual fund	(577)	(6,922)
Change in due from/to The Canada Life Assurance Company	(3)	226
Change in due from/to brokers	—	—
	<u>237</u>	<u>(57,360)</u>
Financing Activities		
Contractholder deposits	5,732	67,058
Contractholder withdrawals	(6,272)	(9,758)
	<u>(540)</u>	<u>57,300</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(303)	(60)
Cash, short-term deposits and overdrafts, beginning of year	164	224
Cash, short-term deposits and overdrafts, end of year	\$ (139)	\$ 164

Global Growth Equity Fund 1.07TRP

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Global Growth Equity Pool	4,981,166	86,197	63,593
Total Investments		86,197	63,593

Top 25 Holdings

Security Description	% of Total
Microsoft Corp.	2.83%
Apple Inc.	2.63%
Amazon.com Inc.	2.32%
Alphabet Inc. Class C	1.80%
Roper Technologies Inc.	1.79%
The Charles Schwab Corp.	1.41%
Masan Group Corp.	1.41%
PT Sumber Alfaria Trijaya TBK	1.39%
Fiserv Inc.	1.18%
General Electric Co.	1.03%
Huntington Bancshares Inc.	1.02%
Daiichi Sankyo Co. Ltd.	0.99%
JPMorgan Chase & Co.	0.97%
NU Holdings Ltd. of the Cayman Islands	0.97%
Bank Central Asia TBK PT	0.96%
BDO Unibank Inc.	0.93%
Evotec SE	0.93%
Eli Lilly and Co.	0.91%
SM Investments Corp.	0.89%
Mastercard Inc. Class A	0.87%
AstraZeneca PLC ADR	0.86%
Wells Fargo & Co.	0.86%
UnitedHealth Group Inc.	0.85%
Linde PLC	0.83%
Axis Bank Ltd.	0.81%

Global Growth Equity Fund 1.07TRP

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 4 and are not included on this page.

Net Assets Attributable to Contractholders by Category ⁽¹⁾

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	580,658	512,438	652,058	—	—	5,999	7,184	8,545	—	—
75/100 guarantee policy	807,732	811,068	145,342	—	—	8,270	11,307	1,900	—	—
PS1 75/75 guarantee policy	372,427	330,803	87,003	—	—	3,886	4,668	1,143	—	—
PS1 75/100 guarantee policy	766,726	834,174	181,710	—	—	7,931	11,707	2,383	—	—
PS2 75/75 guarantee policy	81,029	104,359	24,849	—	—	908	1,539	332	—	—
PS2 75/100 guarantee policy	117,955	153,991	31,168	—	—	1,323	2,273	417	—	—
PS 75/75 guarantee policy	29,874	27,789	3,547	—	—	318	397	47	—	—
PS 75/100 guarantee policy	42,117	88,225	8,629	—	—	444	1,253	114	—	—
PPS 75/75 guarantee policy	11,609	19,264	4,807	—	—	125	276	64	—	—
PPS 75/100 guarantee policy	83,585	91,277	3,719	—	—	890	1,304	49	—	—

Net Assets Attributable to Contractholders Per Unit ⁽¹⁾ (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	10.33	14.02	13.10	—	—	(3.69)	0.92
75/100 guarantee policy	10.24	13.94	13.07	—	—	(3.70)	0.87
PS1 75/75 guarantee policy	10.43	14.11	13.14	—	—	(3.68)	0.97
PS1 75/100 guarantee policy	10.34	14.03	13.11	—	—	(3.69)	0.92
PS2 75/75 guarantee policy	11.21	14.74	13.35	—	—	(3.53)	1.39
PS2 75/100 guarantee policy	11.22	14.76	13.37	—	—	(3.54)	1.39
PS 75/75 guarantee policy	10.64	14.28	13.20	—	—	(3.64)	1.08
PS 75/100 guarantee policy	10.54	14.20	13.17	—	—	(3.66)	1.03
PPS 75/75 guarantee policy	10.73	14.35	13.22	—	—	(3.62)	1.13
PPS 75/100 guarantee policy	10.65	14.29	13.20	—	—	(3.64)	1.09

⁽¹⁾ The Fund commenced on May 11, 2020 and as a result does not have comparative figures for the prior years.

Global Growth Equity Fund 1.07TRP

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Global Growth Equity Fund 1.07TRP (the Fund) is offered by The Canada Life Assurance Company (the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Global Growth Equity Fund 1.07TRP

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Global Growth Equity Fund 1.07TRP

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Global Growth Equity Fund 1.07TRP

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

Global Growth Equity Fund 1.07TRP

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

Global Growth Equity Fund 1.07TRP

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Global Growth Equity Fund 1.07TRP

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Global Growth Equity Fund 1.07TRP

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

Portfolio units are those units owned by the Asset Allocation Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

The NAV per unit for group contractholders has not been shown because it will vary for each sub-class within the group contractholder class based on negotiated expense levels and other factors.

Global Growth Equity Fund 1.07TRP

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.

Global Growth Equity Fund 1.07TRP

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Global Growth Equity Fund 1.07TRP

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	3.09	3.15	3.10	—	—
75/100 guarantee policy	3.43	3.48	3.43	—	—
PS1 75/75 guarantee policy	2.74	2.78	2.67	—	—
PS1 75/100 guarantee policy	3.07	3.11	3.00	—	—
PS 75/75 guarantee policy	1.99	2.01	2.01	—	—
PS 75/100 guarantee policy	2.34	2.37	2.34	—	—
PPS 75/75 guarantee policy	1.64	1.65	1.56	—	—
PPS 75/100 guarantee policy	1.97	2.00	1.91	—	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
PS1 75/75 guarantee policy	2.74	2.80	2.75	—	—
PS1 75/100 guarantee policy	3.07	3.13	3.08	—	—
PPS 75/75 guarantee policy	1.64	1.67	1.64	—	—
PPS 75/100 guarantee policy	1.97	2.02	1.99	—	—

Portfolio Turnover Rate (%) ⁽³⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	12.04	9.34	0.10	—	—

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

(4) The Fund commenced on May 11, 2020 and as a result does not have comparative figures for the prior years.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
CONSERVATIVE ALLOCATION FUND S-626

December 31, 2022

Independent Auditor's Report

To the Contractholders of Conservative Allocation Fund S-626 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Conservative Allocation Fund S-626

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	632,658	697,118
Total investments	632,658	697,118
Total assets	\$ 632,658	\$ 697,118
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 632,658	\$ 697,118

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (54,932)	\$ 29,294
Miscellaneous income (loss)	—	—
Total income (loss)	(54,932)	29,294
Expenses		
Management fees (note 8)	14,270	14,201
Other	1,522	1,490
Total expenses	15,792	15,691
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (70,724)	\$ 13,603

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year		
	\$ 697,118	\$ 588,550
Contractholder deposits	106,613	189,082
Contractholder withdrawals	(100,349)	(94,117)
Increase (decrease) in net assets from operations attributable to contractholders	(70,724)	13,603
Change in net assets attributable to contractholders	(64,460)	108,568
Net assets attributable to contractholders - end of year	\$ 632,658	\$ 697,118

Conservative Allocation Fund S-626

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (70,724)	\$ 13,603
Adjustments		
Realized (gains) losses	(5,101)	(21,804)
Unrealized (gains) losses	60,033	(7,490)
Gross proceeds of disposition of investments	73,966	192,417
Gross payments for the purchase of investments	(64,438)	(271,691)
	<u>(6,264)</u>	<u>(94,965)</u>
Financing Activities		
Contractholder deposits	106,613	189,082
Contractholder withdrawals	(100,349)	(94,117)
	<u>6,264</u>	<u>94,965</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Conservative Allocation Fund S-626

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
American Equity Fund (BG) SF562	10,601	12,720
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Omnicom Group Inc.	5.05%	
Amdocs Ltd.	4.82%	
Amgen Inc.	4.69%	
Harley-Davidson Inc.	4.39%	
Kimberly-Clark Corp.	4.22%	
American Growth Fund (AGF) SF247	12,307	13,751
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Marathon Petroleum Corp.	6.37%	
Cheniere Energy Inc.	4.79%	
The AES Corp.	4.76%	
T-Mobile US Inc.	4.51%	
Amazon.com Inc.	4.39%	
Canadian Equity Fund S-285LL	15,092	19,022
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.03%	
The Toronto-Dominion Bank	6.60%	
Mackenzie US Large Cap Index ETF *	4.02%	
Canadian Natural Resources Ltd.	4.01%	
Bank of Montreal	3.86%	
Core Bond Fund (PIM) SF531	79,444	75,363
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 1.50% 12-01-2031	7.41%	
Government of Canada 2.00% 06-01-2032	6.76%	
Province of Ontario 3.75% 12-02-2053	5.29%	
Canada Housing Trust No. 1 Floating Rate 09-15-2026	4.57%	
National Bank of Canada 2.545% 07-12-2024	2.89%	
Corporate Bond Fund (PIM) SF817	44,343	44,850
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	2.63%	
Province of Ontario 3.75% 06-02-2032	2.22%	
The Bank of Nova Scotia 1.95% 01-10-2025	2.03%	
Province of Alberta 2.95% 06-01-2052	1.63%	
Enbridge Inc. 5.375% 09-27-2077	1.54%	

*The issuer of this security is a related company to the issuer of the Fund.

Conservative Allocation Fund S-626

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Emerging Markets Fund (P) SF537	12,068	9,459
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	9.15%	
ICICI Bank Ltd.	7.67%	
Tencent Holdings Ltd.	5.46%	
Samsung Electronics Co. Ltd.	4.87%	
Reliance Industries Ltd.	4.61%	
Enhanced Dividend Fund (Laketon) SF039	9,099	12,663
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	8.59%	
The Toronto-Dominion Bank	7.82%	
Bank of Montreal	6.50%	
The Bank of Nova Scotia	5.50%	
BCE Inc.	4.96%	
Global Dividend Fund (SAM) SF528	11,642	12,738
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Johnson & Johnson Inc.	4.19%	
The Procter & Gamble Co.	4.04%	
Sanofi SA	3.86%	
Sampo OYJ A	3.62%	
Nestle SA	3.46%	
Global Future Fund S-183MF	15,654	15,818
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	4.56%	
Aon Corp.	4.04%	
Linde PLC	3.78%	
Danaher Corp.	3.57%	
LVMH Moet Hennessy Louis Vuitton SE	3.36%	
Global Infrastructure Equity Fund (London Capital) SF515	9,939	12,686
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
NextEra Energy Inc.	5.85%	
American Electric Power Co. Inc.	5.19%	
Transurban Group Stapled Security	3.75%	
Enbridge Inc.	3.22%	
Iberdrola SA	3.10%	

Conservative Allocation Fund S-626

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Global Unconstrained Fund (Mackenzie) SF530	26,218	27,763
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	5.60%	
Mackenzie Canadian All Corporate Bond Index ETF *	4.34%	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	4.10%	
Mackenzie Canadian Short Term Bond Index ETF *	3.50%	
Government of Canada 1.75% 12-01-2053	2.74%	
International Bond Fund (Laketon) SF036	21,918	20,662
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
United States Treasury 1.75% 05-15-2023	4.87%	
Buoni del Tesoro Poliennali 1.25% 12-01-2026	3.49%	
Buoni del Tesoro Poliennali 0.35% 02-01-2025	2.92%	
Government of Japan 0.40% 03-20-2025	2.75%	
Zurich Finance (Ireland) Designated Activity Co. 3.00% 04-19-2031	2.26%	
International Opportunity Fund (JPM) SF556	7,720	6,949
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Nestle SA	5.97%	
Novo Nordisk AS	5.12%	
LVMH Moet Hennessy Louis Vuitton SE	4.62%	
Roche Holding AG Genusscheine	4.60%	
ASML Holding NV	4.39%	
Long Term Bond Fund (PIM) SF818	14,073	12,376
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 1.75% 12-01-2053	4.84%	
Government of Canada 2.00% 12-01-2051	2.95%	
Province of Ontario 3.45% 06-02-2045	2.79%	
Province of Ontario 3.50% 06-02-2043	2.76%	
Province of Quebec 3.10% 12-01-2051	2.63%	
Pathways Canadian Equity Fund (GWLIM) SF543	20,950	25,367
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.70%	
The Toronto-Dominion Bank	6.05%	
Bank of Montreal	5.62%	
Canadian Pacific Railway Ltd.	4.44%	
Canadian National Railway Co.	3.71%	

*The issuer of this security is a related company to the issuer of the Fund.

Conservative Allocation Fund S-626

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Pathways Emerging Markets Equity Fund (Northcape) SF550	10,691	9,410
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	6.91%	
Techtronic Industries Co. Ltd.	6.90%	
HDFC Bank Ltd. ADR	6.20%	
America Movil SAB de CV ADR	6.13%	
Maruti Suzuki India Ltd.	6.06%	
Pathways Global Multi Sector Bond Fund (Brandywine) SF542	22,390	20,177
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
United States Treasury 2.25% 02-15-2052	18.42%	
Cash and short-term deposits	13.47%	
Republic of Columbia 7.00% 03-26-2031	2.67%	
Exeter Automobile Receivables Trust 4.00% 08-17-2026 144A	2.61%	
Federative Republic of Brazil 10.00% 01-01-2033	2.31%	
Pathways International Equity Fund (Setanta) SF547	10,905	10,879
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Diageo PLC	4.62%	
Bank of Ireland Group PLC	4.43%	
EssilorLuxottica SA	4.42%	
Groupe Bruxelles Lambert SA *	4.39%	
Thai Beverage PCL	4.26%	
Private Credit Fund 1.76NL	3,934	4,063
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Zips Express Car Wash Floating Rate 03-01-2024	3.26%	
Hg Mercury 3 A LP Floating Rate 09-30-2027	3.22%	
Apex Service Partners Floating Rate 07-31-2025	3.21%	
Natus Medical Inc. Floating Rate 07-20-2029	3.19%	
TDR Capital IV LP Fund Floating Rate 05-31-2027	3.01%	
Real Estate Fund (GWLRA) SF353	31,997	42,376
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Laird Business Park	5.21%	
Cash and short-term deposits	4.88%	
Livmore High Park	4.28%	
High Park Village - West Tower	3.97%	
Grenadier Square	3.39%	

*The issuer of this security is a related company to the issuer of the Fund.

Conservative Allocation Fund S-626

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Real Return Bond Fund (PIM) SF820	20,147	19,784
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 4.00% 12-01-2031 Real Return	14.35%	
Government of Canada 1.50% 12-01-2044 Real Return	13.53%	
Government of Canada 2.00% 12-01-2041 Real Return	12.65%	
Government of Canada 1.25% 12-01-2047 Real Return	12.39%	
Government of Canada 3.00% 12-01-2036 Real Return	11.94%	
Short Term Bond Fund (PIM) SF816	39,213	38,078
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 2.75% 08-01-2024	13.70%	
Government of Canada 1.50% 06-01-2031	11.26%	
Canada Housing Trust No. 1 Floating Rate 09-15-2024	4.20%	
Province of Quebec 2.75% 09-01-2025	4.06%	
Pembina Pipeline Corp. 2.56% 06-01-2023	2.48%	
Tactical Bond Fund (PIM) SF558	151,164	134,684
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 2.00% 06-01-2032	5.99%	
Province of Ontario 3.75% 12-02-2053	4.53%	
Government of Canada 1.50% 12-01-2031	3.50%	
Government of Canada 2.75% 08-01-2024	3.41%	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	2.75%	
U.S. Growth Leaders Fund S-286MF	15,407	12,552
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Microsoft Corp.	9.58%	
Apple Inc.	9.15%	
Amazon.com Inc.	3.94%	
UnitedHealth Group Inc.	3.83%	
Alphabet Inc. Class C	3.56%	
U.S. Property Fund 1.80EW	2,318	2,578
<i>Top Holdings:</i>	<i>% of Total</i>	
Canada Life US Property Feeder III LP *	100.00%	

*The issuer of this security is a related company to the issuer of the Fund.

Conservative Allocation Fund S-626

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
U.S. Value Fund S-178LL	11,749	15,890
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Microsoft Corp.	4.25%	
JPMorgan Chase & Co.	3.27%	
Amazon.com Inc.	2.67%	
Meta Platforms Inc.	2.57%	
Bank of America Corp.	2.27%	
Total Investments	630,983	632,658

Conservative Allocation Fund S-626

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Generations/Mosaic	1,472,879	1,696,650	2,024,494	2,199,981	2,564,509	22,578	28,978	34,020	35,548	39,204
Generations I	2,121,191	2,505,822	3,105,409	3,509,562	4,039,543	28,997	38,124	46,434	50,404	54,828
Generations II	101,335	131,670	177,613	173,335	201,083	1,274	1,846	2,453	2,305	2,532
Generations Core	448,163	583,064	687,032	798,119	975,293	5,858	8,459	9,769	10,870	12,519
75/75 guarantee policy	6,927,998	7,415,507	6,462,480	3,542,255	2,649,946	87,700	104,185	88,988	46,721	32,941
75/100 guarantee policy	23,574,060	22,919,004	18,189,419	8,945,719	6,066,878	293,359	317,419	247,584	116,954	74,958
100/100 guarantee policy	699,329	772,245	747,337	485,822	508,443	8,527	10,503	10,011	6,265	6,210
PS1 75/75 guarantee policy	2,766,581	2,814,260	2,449,075	1,131,634	672,492	34,186	38,504	32,763	14,466	8,082
PS1 75/100 guarantee policy	9,122,463	8,291,523	6,229,744	3,241,885	2,248,170	111,435	112,269	82,567	41,103	26,829
PS1 100/100 guarantee policy	521,212	527,570	547,229	495,587	440,113	6,279	7,053	7,169	6,218	5,203
PS2 75/75 guarantee policy	464,930	102,036	110,953	181,581	64,934	7,221	1,717	1,786	2,734	900
PS2 75/100 guarantee policy	453,175	634,069	300,121	199,173	66,040	7,038	10,668	4,831	2,999	915
PS2 100/100 guarantee policy	117,926	124,005	176,117	182,438	185,968	1,830	2,085	2,833	2,745	2,575
PS 75/75 guarantee policy	302,215	389,123	399,501	202,907	70,167	3,170	4,480	4,458	2,145	691
PS 75/100 guarantee policy	884,069	560,614	492,327	185,535	—	9,159	6,393	5,457	1,954	—
PS 100/100 guarantee policy	7,462	10,361	12,829	—	—	77	117	141	—	—
PPS 75/75 guarantee policy	83,277	36,401	56,289	—	—	883	423	632	—	—
PPS 75/100 guarantee policy	292,617	336,798	594,284	80,159	699	3,087	3,895	6,654	849	7

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
Generations/Mosaic	15.33	17.08	16.80	16.16	15.29	(1.75)	0.28
Generations I	13.67	15.21	14.95	14.36	13.57	(1.54)	0.26
Generations II	12.57	14.02	13.81	13.30	12.59	(1.45)	0.21
Generations Core	13.07	14.51	14.22	13.62	12.84	(1.44)	0.29
75/75 guarantee policy	12.66	14.05	13.77	13.19	12.43	(1.39)	0.28
75/100 guarantee policy	12.44	13.85	13.61	13.07	12.36	(1.41)	0.24
100/100 guarantee policy	12.19	13.60	13.40	12.90	12.21	(1.41)	0.20
PS1 75/75 guarantee policy	12.36	13.68	13.38	12.78	12.02	(1.32)	0.30
PS1 75/100 guarantee policy	12.22	13.54	13.25	12.68	11.93	(1.32)	0.29
PS1 100/100 guarantee policy	12.05	13.37	13.10	12.55	11.82	(1.32)	0.27
PS2 75/75 guarantee policy	15.53	16.83	16.10	15.06	13.86	(1.30)	0.73
PS2 75/100 guarantee policy	15.53	16.83	16.10	15.06	13.86	(1.30)	0.73
PS2 100/100 guarantee policy	15.52	16.81	16.09	15.05	13.85	(1.29)	0.72
PS 75/75 guarantee policy	10.49	11.51	11.16	10.57	9.86	(1.02)	0.35
PS 75/100 guarantee policy	10.36	11.40	11.08	10.53	—	(1.04)	0.32
PS 100/100 guarantee policy	10.26	11.32	11.02	—	—	(1.06)	0.30
PPS 75/75 guarantee policy	10.60	11.61	11.23	—	—	(1.01)	0.38
PPS 75/100 guarantee policy	10.55	11.57	11.20	10.59	9.86	(1.02)	0.37

Conservative Allocation Fund S-626

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Conservative Allocation Fund S-626 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Conservative Allocation Fund S-626

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Conservative Allocation Fund S-626

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Conservative Allocation Fund S-626

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Conservative Allocation Fund S-626

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Conservative Allocation Fund S-626

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Conservative Allocation Fund S-626

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Conservative Allocation Fund S-626

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Conservative Allocation Fund S-626

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Conservative Allocation Fund S-626

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2022.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Conservative Allocation Fund S-626

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification. All Investment Fund Units held by the Fund are classified as Level 2. The Fund's investment in the real estate fund: "Real Estate Fund (GWLRA) SF353", was classified as Level 3 due to transaction restrictions at December 31, 2020.

The following table presents additional information about the Fund's assets measured at fair value on a recurring basis and classified as Level 3:

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ —	\$ 23,495
Total gain (loss) included in net assets from operations attributable to contractholders	—	436
Purchases	—	—
Sales	—	—
Settlements	—	—
Transfers into Level 3	—	—
Transfers out of Level 3	—	(23,931)
Balance, end of year	\$ —	\$ —
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	\$ —	\$ —

On January 11, 2021, Canada Life lifted the temporary suspension on contributions to and transfers into its Canadian real estate investment funds, and on April 19, 2021, the temporary suspension on redemptions and transfers out was fully lifted, as confidence over the valuation of the underlying properties returned as a result of increased market activity. As a result of the lifting of these temporary suspensions, the Fund's investment in the real estate fund with a fair value of \$23,931 was transferred on April 19, 2021 from Level 3 to Level 2.

Conservative Allocation Fund S-626

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
Generations/Mosaic	2.80	2.80	2.78	2.77	2.79
Generations I	2.69	2.69	2.67	2.66	2.73
Generations II	2.92	2.91	2.89	2.88	2.89
Generations Core	2.42	2.41	2.39	2.39	2.58
75/75 guarantee policy	2.41	2.41	2.39	2.39	2.57
75/100 guarantee policy	2.69	2.68	2.66	2.66	2.73
100/100 guarantee policy	2.91	2.91	2.88	2.88	2.89
PS1 75/75 guarantee policy	2.17	2.17	2.15	2.15	2.16
PS1 75/100 guarantee policy	2.28	2.28	2.26	2.26	2.27
PS1 100/100 guarantee policy	2.39	2.39	2.37	2.37	2.36
PS 75/75 guarantee policy	1.31	1.31	1.29	1.28	1.28
PS 75/100 guarantee policy	1.58	1.58	1.56	1.54	—
PS 100/100 guarantee policy	1.81	1.81	1.79	—	—
PPS 75/75 guarantee policy	1.06	1.07	1.05	—	—
PPS 75/100 guarantee policy	1.18	1.18	1.16	1.15	1.15

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	9.99	30.11	47.50	10.67	8.50

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
MODERATE ALLOCATION FUND S-627

December 31, 2022

Independent Auditor's Report

To the Contractholders of Moderate Allocation Fund S-627 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Moderate Allocation Fund S-627

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	589,390	611,026
Total investments	589,390	611,026
Total assets	\$ 589,390	\$ 611,026
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 589,390	\$ 611,026

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (47,060)	\$ 35,428
Miscellaneous income (loss)	—	—
Total income (loss)	(47,060)	35,428
Expenses		
Management fees (note 8)	12,917	11,497
Other	1,345	1,156
Total expenses	14,262	12,653
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (61,322)	\$ 22,775

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 611,026	\$ 443,376
Contractholder deposits	110,983	201,540
Contractholder withdrawals	(71,297)	(56,665)
Increase (decrease) in net assets from operations attributable to contractholders	(61,322)	22,775
Change in net assets attributable to contractholders	(21,636)	167,650
Net assets attributable to contractholders - end of year	\$ 589,390	\$ 611,026

Moderate Allocation Fund S-627

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (61,322)	\$ 22,775
Adjustments		
Realized (gains) losses	(4,813)	(24,353)
Unrealized (gains) losses	51,873	(11,075)
Gross proceeds of disposition of investments	44,381	165,441
Gross payments for the purchase of investments	(69,805)	(297,663)
	<u>(39,686)</u>	<u>(144,875)</u>
Financing Activities		
Contractholder deposits	110,983	201,540
Contractholder withdrawals	(71,297)	(56,665)
	<u>39,686</u>	<u>144,875</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Moderate Allocation Fund S-627

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
American Equity Fund (BG) SF562	11,608	13,895
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Omnicom Group Inc.	5.05%	
Amdocs Ltd.	4.82%	
Amgen Inc.	4.69%	
Harley-Davidson Inc.	4.39%	
Kimberly-Clark Corp.	4.22%	
American Growth Fund (AGF) SF247	15,041	16,832
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Marathon Petroleum Corp.	6.37%	
Cheniere Energy Inc.	4.79%	
The AES Corp.	4.76%	
T-Mobile US Inc.	4.51%	
Amazon.com Inc.	4.39%	
Canadian Equity Fund (Laketon) SF009	17,042	18,519
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	8.37%	
The Toronto-Dominion Bank	6.41%	
Canadian Pacific Railway Ltd.	6.20%	
Bank of Montreal	4.50%	
Canadian Natural Resources Ltd.	4.47%	
Canadian Equity Fund S-285LL	13,409	17,582
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.03%	
The Toronto-Dominion Bank	6.60%	
Mackenzie US Large Cap Index ETF *	4.02%	
Canadian Natural Resources Ltd.	4.01%	
Bank of Montreal	3.86%	
Core Bond Fund (PIM) SF531	64,862	61,764
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 1.50% 12-01-2031	7.41%	
Government of Canada 2.00% 06-01-2032	6.76%	
Province of Ontario 3.75% 12-02-2053	5.29%	
Canada Housing Trust No. 1 Floating Rate 09-15-2026	4.57%	
National Bank of Canada 2.545% 07-12-2024	2.89%	

*The issuer of this security is a related company to the issuer of the Fund.

Moderate Allocation Fund S-627

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Corporate Bond Fund (PIM) SF817	29,061	29,288
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	2.63%	
Province of Ontario 3.75% 06-02-2032	2.22%	
The Bank of Nova Scotia 1.95% 01-10-2025	2.03%	
Province of Alberta 2.95% 06-01-2052	1.63%	
Enbridge Inc. 5.375% 09-27-2077	1.54%	
Emerging Markets Fund (P) SF537	15,440	12,164
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	9.15%	
ICICI Bank Ltd.	7.67%	
Tencent Holdings Ltd.	5.46%	
Samsung Electronics Co. Ltd.	4.87%	
Reliance Industries Ltd.	4.61%	
Enhanced Dividend Fund (Laketon) SF039	12,273	17,581
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	8.59%	
The Toronto-Dominion Bank	7.82%	
Bank of Montreal	6.50%	
The Bank of Nova Scotia	5.50%	
BCE Inc.	4.96%	
Global Dividend Fund (SAM) SF528	16,994	18,496
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Johnson & Johnson Inc.	4.19%	
The Procter & Gamble Co.	4.04%	
Sanofi SA	3.86%	
Sampo OYJ A	3.62%	
Nestle SA	3.46%	
Global Future Fund S-183MF	25,142	25,239
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	4.56%	
Aon Corp.	4.04%	
Linde PLC	3.78%	
Danaher Corp.	3.57%	
LVMH Moet Hennessy Louis Vuitton SE	3.36%	

*The issuer of this security is a related company to the issuer of the Fund.

Moderate Allocation Fund S-627

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Global Infrastructure Equity Fund (London Capital) SF515	11,419	14,815
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
NextEra Energy Inc.	5.85%	
American Electric Power Co. Inc.	5.19%	
Transurban Group Stapled Security	3.75%	
Enbridge Inc.	3.22%	
Iberdrola SA	3.10%	
Global Unconstrained Fund (Mackenzie) SF530	17,010	17,885
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	5.60%	
Mackenzie Canadian All Corporate Bond Index ETF *	4.34%	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	4.10%	
Mackenzie Canadian Short Term Bond Index ETF *	3.50%	
Government of Canada 1.75% 12-01-2053	2.74%	
International Bond Fund (Laketon) SF036	17,688	16,735
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
United States Treasury 1.75% 05-15-2023	4.87%	
Buoni del Tesoro Poliennali 1.25% 12-01-2026	3.49%	
Buoni del Tesoro Poliennali 0.35% 02-01-2025	2.92%	
Government of Japan 0.40% 03-20-2025	2.75%	
Zurich Finance (Ireland) Designated Activity Co. 3.00% 04-19-2031	2.26%	
International Opportunity Fund (JPM) SF556	11,833	10,611
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Nestle SA	5.97%	
Novo Nordisk AS	5.12%	
LVMH Moet Hennessy Louis Vuitton SE	4.62%	
Roche Holding AG Genusscheine	4.60%	
ASML Holding NV	4.39%	
Long Term Bond Fund (PIM) SF818	9,764	8,677
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 1.75% 12-01-2053	4.84%	
Government of Canada 2.00% 12-01-2051	2.95%	
Province of Ontario 3.45% 06-02-2045	2.79%	
Province of Ontario 3.50% 06-02-2043	2.76%	
Province of Quebec 3.10% 12-01-2051	2.63%	

*The issuer of this security is a related company to the issuer of the Fund.

Moderate Allocation Fund S-627

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Pathways Canadian Equity Fund (GWLIM) SF543	14,841	18,486
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.70%	
The Toronto-Dominion Bank	6.05%	
Bank of Montreal	5.62%	
Canadian Pacific Railway Ltd.	4.44%	
Canadian National Railway Co.	3.71%	
Pathways Emerging Markets Equity Fund (Northcape) SF550	13,639	12,046
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	6.91%	
Techtronic Industries Co. Ltd.	6.90%	
HDFC Bank Ltd. ADR	6.20%	
America Movil SAB de CV ADR	6.13%	
Maruti Suzuki India Ltd.	6.06%	
Pathways Global Multi Sector Bond Fund (Brandywine) SF542	17,808	16,089
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
United States Treasury 2.25% 02-15-2052	18.42%	
Cash and short-term deposits	13.47%	
Republic of Columbia 7.00% 03-26-2031	2.67%	
Exeter Automobile Receivables Trust 4.00% 08-17-2026 144A	2.61%	
Federative Republic of Brazil 10.00% 01-01-2033	2.31%	
Pathways International Equity Fund (Setanta) SF547	12,450	12,385
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Diageo PLC	4.62%	
Bank of Ireland Group PLC	4.43%	
EssilorLuxottica SA	4.42%	
Groupe Bruxelles Lambert SA *	4.39%	
Thai Beverage PCL	4.26%	
Private Credit Fund 1.76NL	2,580	2,580
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Zips Express Car Wash Floating Rate 03-01-2024	3.26%	
Hg Mercury 3 A LP Floating Rate 09-30-2027	3.22%	
Apex Service Partners Floating Rate 07-31-2025	3.21%	
Natus Medical Inc. Floating Rate 07-20-2029	3.19%	
TDR Capital IV LP Fund Floating Rate 05-31-2027	3.01%	

*The issuer of this security is a related company to the issuer of the Fund.

Moderate Allocation Fund S-627

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Real Estate Fund (GWLRA) SF353	32,585	44,521
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Laird Business Park	5.21%	
Cash and short-term deposits	4.88%	
Livmore High Park	4.28%	
High Park Village - West Tower	3.97%	
Grenadier Square	3.39%	
Real Return Bond Fund (PIM) SF820	16,407	14,913
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 4.00% 12-01-2031 Real Return	14.35%	
Government of Canada 1.50% 12-01-2044 Real Return	13.53%	
Government of Canada 2.00% 12-01-2041 Real Return	12.65%	
Government of Canada 1.25% 12-01-2047 Real Return	12.39%	
Government of Canada 3.00% 12-01-2036 Real Return	11.94%	
Short Term Bond Fund (PIM) SF816	12,054	11,721
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 2.75% 08-01-2024	13.70%	
Government of Canada 1.50% 06-01-2031	11.26%	
Canada Housing Trust No. 1 Floating Rate 09-15-2024	4.20%	
Province of Quebec 2.75% 09-01-2025	4.06%	
Pembina Pipeline Corp. 2.56% 06-01-2023	2.48%	
Tactical Bond Fund (PIM) SF558	132,839	119,247
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 2.00% 06-01-2032	5.99%	
Province of Ontario 3.75% 12-02-2053	4.53%	
Government of Canada 1.50% 12-01-2031	3.50%	
Government of Canada 2.75% 08-01-2024	3.41%	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	2.75%	
U.S. Growth Leaders Fund S-286MF	16,330	13,348
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Microsoft Corp.	9.58%	
Apple Inc.	9.15%	
Amazon.com Inc.	3.94%	
UnitedHealth Group Inc.	3.83%	
Alphabet Inc. Class C	3.56%	

*The issuer of this security is a related company to the issuer of the Fund.

Moderate Allocation Fund S-627

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
U.S. Property Fund 1.80EW	2,318	2,577
<i>Top Holdings:</i>	<i>% of Total</i>	
Canada Life US Property Feeder III LP *	100.00%	
U.S. Value Fund S-178LL	15,572	21,394
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Microsoft Corp.	4.25%	
JPMorgan Chase & Co.	3.27%	
Amazon.com Inc.	2.67%	
Meta Platforms Inc.	2.57%	
Bank of America Corp.	2.27%	
Total Investments	578,009	589,390

*The issuer of this security is a related company to the issuer of the Fund.

Moderate Allocation Fund S-627

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Generations/Mosaic	1,455,720	1,726,522	2,076,042	2,403,594	2,719,746	24,797	32,764	37,943	42,554	44,840
Generations I	1,229,770	1,498,398	1,849,132	2,097,379	2,486,926	18,209	24,676	29,279	32,117	35,406
Generations II	98,701	108,789	116,780	125,585	113,017	1,329	1,633	1,689	1,760	1,476
Generations Core	299,892	335,481	356,510	399,948	463,258	4,191	5,200	5,299	5,733	6,157
75/75 guarantee policy	4,961,797	4,722,513	3,267,978	1,824,891	1,247,332	69,715	73,596	48,832	26,300	16,667
75/100 guarantee policy	19,317,621	17,467,658	13,206,776	8,106,996	6,274,600	266,578	268,097	194,893	115,701	83,255
100/100 guarantee policy	584,811	556,502	484,987	380,262	408,795	7,915	8,395	7,050	5,358	5,367
PS1 75/75 guarantee policy	2,606,841	2,179,091	1,311,038	577,605	385,886	35,462	32,818	18,898	8,015	4,956
PS1 75/100 guarantee policy	8,203,395	7,483,539	4,512,698	2,434,714	2,046,028	110,373	111,596	64,478	33,527	26,104
PS1 100/100 guarantee policy	388,288	355,754	198,102	177,003	200,985	5,120	5,208	2,783	2,401	2,530
PS2 75/75 guarantee policy	377,463	298,391	264,279	138,879	58,823	6,515	5,574	4,618	2,285	876
PS2 75/100 guarantee policy	880,022	975,084	952,013	776,166	208,290	15,214	18,242	16,663	12,790	3,106
PS2 100/100 guarantee policy	—	—	—	8,000	10,507	—	—	—	132	156
PS 75/75 guarantee policy	332,517	610,943	519,459	178,151	86,951	3,562	7,179	5,789	1,894	848
PS 75/100 guarantee policy	978,982	812,252	303,530	77,108	11,352	10,359	9,454	3,360	816	111
PPS 75/75 guarantee policy	366,385	133,425	118,778	80,653	107,686	3,957	1,578	1,330	860	1,051
PPS 75/100 guarantee policy	566,861	425,607	42,229	—	—	6,094	5,016	472	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
Generations/Mosaic	17.03	18.98	18.28	17.70	16.49	(1.95)	0.70
Generations I	14.81	16.47	15.83	15.31	14.24	(1.66)	0.64
Generations II	13.46	15.01	14.46	14.02	13.06	(1.55)	0.55
Generations Core	13.98	15.50	14.86	14.34	13.29	(1.52)	0.64
75/75 guarantee policy	14.05	15.58	14.94	14.41	13.36	(1.53)	0.64
75/100 guarantee policy	13.80	15.35	14.76	14.27	13.27	(1.55)	0.59
100/100 guarantee policy	13.53	15.09	14.54	14.09	13.13	(1.56)	0.55
PS1 75/75 guarantee policy	13.60	15.06	14.41	13.88	12.84	(1.46)	0.65
PS1 75/100 guarantee policy	13.45	14.91	14.29	13.77	12.76	(1.46)	0.62
PS1 100/100 guarantee policy	13.19	14.64	14.05	13.56	12.59	(1.45)	0.59
PS2 75/75 guarantee policy	17.26	18.68	17.48	16.45	14.89	(1.42)	1.20
PS2 75/100 guarantee policy	17.29	18.71	17.50	16.48	14.91	(1.42)	1.21
PS2 100/100 guarantee policy	—	—	—	16.45	14.89	—	—
PS 75/75 guarantee policy	10.71	11.75	11.14	10.63	9.75	(1.04)	0.61
PS 75/100 guarantee policy	10.58	11.64	11.07	10.59	9.74	(1.06)	0.57
PPS 75/75 guarantee policy	10.80	11.83	11.19	10.66	9.76	(1.03)	0.64
PPS 75/100 guarantee policy	10.75	11.78	11.17	—	—	(1.03)	0.61

Moderate Allocation Fund S-627

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Moderate Allocation Fund S-627 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Moderate Allocation Fund S-627

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Moderate Allocation Fund S-627

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Moderate Allocation Fund S-627

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Moderate Allocation Fund S-627

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Moderate Allocation Fund S-627

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Moderate Allocation Fund S-627

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Moderate Allocation Fund S-627

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Moderate Allocation Fund S-627

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Moderate Allocation Fund S-627

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2022.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Moderate Allocation Fund S-627

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification. All Investment Fund Units held by the Fund are classified as Level 2. The Fund's investment in the real estate fund: "Real Estate Fund (GWLRA) SF353", was classified as Level 3 due to transaction restrictions at December 31, 2020.

The following table presents additional information about the Fund's assets measured at fair value on a recurring basis and classified as Level 3:

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ —	\$ 24,805
Total gain (loss) included in net assets from operations attributable to contractholders	—	461
Purchases	—	—
Sales	—	—
Settlements	—	—
Transfers into Level 3	—	—
Transfers out of Level 3	—	(25,266)
Balance, end of year	\$ —	\$ —
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	\$ —	\$ —

On January 11, 2021, Canada Life lifted the temporary suspension on contributions to and transfers into its Canadian real estate investment funds, and on April 19, 2021, the temporary suspension on redemptions and transfers out was fully lifted, as confidence over the valuation of the underlying properties returned as a result of increased market activity. As a result of the lifting of these temporary suspensions, the Fund's investment in the real estate fund with a fair value of \$25,266 was transferred on April 19, 2021 from Level 3 to Level 2.

Moderate Allocation Fund S-627

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
Generations/Mosaic	2.91	2.90	2.87	2.87	2.88
Generations I	2.74	2.74	2.70	2.70	2.77
Generations II	2.96	2.95	2.92	2.92	2.94
Generations Core	2.46	2.46	2.43	2.43	2.62
75/75 guarantee policy	2.46	2.45	2.42	2.43	2.60
75/100 guarantee policy	2.74	2.73	2.70	2.70	2.77
100/100 guarantee policy	2.96	2.95	2.92	2.92	2.93
PS1 75/75 guarantee policy	2.28	2.27	2.24	2.24	2.25
PS1 75/100 guarantee policy	2.39	2.38	2.35	2.35	2.36
PS1 100/100 guarantee policy	2.55	2.54	2.52	2.52	2.52
PS 75/75 guarantee policy	1.37	1.35	1.33	1.33	1.33
PS 75/100 guarantee policy	1.63	1.62	1.60	1.60	1.60
PPS 75/75 guarantee policy	1.17	1.17	1.15	1.15	1.15
PPS 75/100 guarantee policy	1.28	1.27	1.25	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	7.59	32.14	50.98	10.04	14.00

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
BALANCED ALLOCATION FUND S-628

December 31, 2022

Independent Auditor's Report

To the Contractholders of Balanced Allocation Fund S-628 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Balanced Allocation Fund S-628

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	1,016,620	1,033,429
Total investments	1,016,620	1,033,429
Total assets	\$ 1,016,620	\$ 1,033,429
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 1,016,620	\$ 1,033,429

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (84,358)	\$ 84,339
Miscellaneous income (loss)	—	—
Total income (loss)	(84,358)	84,339
Expenses		
Management fees (note 8)	23,315	21,196
Other	2,300	2,042
Total expenses	25,615	23,238
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (109,973)	\$ 61,101

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 1,033,429	\$ 775,193
Contractholder deposits	203,319	282,055
Contractholder withdrawals	(110,155)	(84,920)
Increase (decrease) in net assets from operations attributable to contractholders	(109,973)	61,101
Change in net assets attributable to contractholders	(16,809)	258,236
Net assets attributable to contractholders - end of year	\$ 1,016,620	\$ 1,033,429

Balanced Allocation Fund S-628

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (109,973)	\$ 61,101
Adjustments		
Realized (gains) losses	(8,586)	(54,414)
Unrealized (gains) losses	92,944	(29,925)
Gross proceeds of disposition of investments	36,747	214,117
Gross payments for the purchase of investments	(104,296)	(388,014)
	<u>(93,164)</u>	<u>(197,135)</u>
Financing Activities		
Contractholder deposits	203,319	282,055
Contractholder withdrawals	(110,155)	(84,920)
	<u>93,164</u>	<u>197,135</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Balanced Allocation Fund S-628

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
American Equity Fund (BG) SF562	26,057	31,377
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Omnicom Group Inc.	5.05%	
Amdocs Ltd.	4.82%	
Amgen Inc.	4.69%	
Harley-Davidson Inc.	4.39%	
Kimberly-Clark Corp.	4.22%	
American Growth Fund (AGF) SF247	18,378	39,958
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Marathon Petroleum Corp.	6.37%	
Cheniere Energy Inc.	4.79%	
The AES Corp.	4.76%	
T-Mobile US Inc.	4.51%	
Amazon.com Inc.	4.39%	
Canadian Equity Fund (Laketon) SF009	26,144	36,325
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	8.37%	
The Toronto-Dominion Bank	6.41%	
Canadian Pacific Railway Ltd.	6.20%	
Bank of Montreal	4.50%	
Canadian Natural Resources Ltd.	4.47%	
Canadian Equity Fund S-285LL	23,256	34,232
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.03%	
The Toronto-Dominion Bank	6.60%	
Mackenzie US Large Cap Index ETF *	4.02%	
Canadian Natural Resources Ltd.	4.01%	
Bank of Montreal	3.86%	
Core Bond Fund (PIM) SF531	68,934	68,019
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 1.50% 12-01-2031	7.41%	
Government of Canada 2.00% 06-01-2032	6.76%	
Province of Ontario 3.75% 12-02-2053	5.29%	
Canada Housing Trust No. 1 Floating Rate 09-15-2026	4.57%	
National Bank of Canada 2.545% 07-12-2024	2.89%	

*The issuer of this security is a related company to the issuer of the Fund.

Balanced Allocation Fund S-628

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Corporate Bond Fund (PIM) SF817	28,950	30,267
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	2.63%	
Province of Ontario 3.75% 06-02-2032	2.22%	
The Bank of Nova Scotia 1.95% 01-10-2025	2.03%	
Province of Alberta 2.95% 06-01-2052	1.63%	
Enbridge Inc. 5.375% 09-27-2077	1.54%	
Emerging Markets Fund (P) SF537	35,633	28,087
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	9.15%	
ICICI Bank Ltd.	7.67%	
Tencent Holdings Ltd.	5.46%	
Samsung Electronics Co. Ltd.	4.87%	
Reliance Industries Ltd.	4.61%	
Enhanced Dividend Fund (Laketon) SF039	20,036	34,186
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	8.59%	
The Toronto-Dominion Bank	7.82%	
Bank of Montreal	6.50%	
The Bank of Nova Scotia	5.50%	
BCE Inc.	4.96%	
Global Dividend Fund (SAM) SF528	38,659	42,158
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Johnson & Johnson Inc.	4.19%	
The Procter & Gamble Co.	4.04%	
Sanofi SA	3.86%	
Sampo OYJ A	3.62%	
Nestle SA	3.46%	
Global Future Fund S-183MF	28,844	45,850
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	4.56%	
Aon Corp.	4.04%	
Linde PLC	3.78%	
Danaher Corp.	3.57%	
LVMH Moet Hennessy Louis Vuitton SE	3.36%	

*The issuer of this security is a related company to the issuer of the Fund.

Balanced Allocation Fund S-628

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Global Small Cap Growth Fund (Mackenzie) SF533	28,976	30,847
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	3.68%	
The Progressive Corp.	2.94%	
Motorola Solutions Inc.	2.80%	
Wabtec Corp.	2.66%	
Charles River Laboratories International Inc.	2.49%	
International Bond Fund (Laketon) SF036	31,346	30,342
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
United States Treasury 1.75% 05-15-2023	4.87%	
Buoni del Tesoro Poliennali 1.25% 12-01-2026	3.49%	
Buoni del Tesoro Poliennali 0.35% 02-01-2025	2.92%	
Government of Japan 0.40% 03-20-2025	2.75%	
Zurich Finance (Ireland) Designated Activity Co. 3.00% 04-19-2031	2.26%	
International Opportunity Fund (JPM) SF556	28,680	25,843
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Nestle SA	5.97%	
Novo Nordisk AS	5.12%	
LVMH Moet Hennessy Louis Vuitton SE	4.62%	
Roche Holding AG Genusscheine	4.60%	
ASML Holding NV	4.39%	
Mid Cap Canada Fund S-346G	18,147	25,458
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Aritzia Inc.	4.11%	
Stella-Jones Inc.	3.87%	
iA Financial Corp. Inc.	3.69%	
Andlauer Healthcare Group Inc.	3.35%	
Boralex Inc. Class A	2.74%	
Pathways Canadian Equity Fund (GWLIM) SF543	29,602	36,326
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.70%	
The Toronto-Dominion Bank	6.05%	
Bank of Montreal	5.62%	
Canadian Pacific Railway Ltd.	4.44%	
Canadian National Railway Co.	3.71%	

Balanced Allocation Fund S-628

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Pathways Emerging Markets Equity Fund (Northcape) SF550	31,425	27,769
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	6.91%	
Techtronic Industries Co. Ltd.	6.90%	
HDFC Bank Ltd. ADR	6.20%	
America Movil SAB de CV ADR	6.13%	
Maruti Suzuki India Ltd.	6.06%	
Pathways Global Multi Sector Bond Fund (Brandywine) SF542	28,889	26,120
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
United States Treasury 2.25% 02-15-2052	18.42%	
Cash and short-term deposits	13.47%	
Republic of Columbia 7.00% 03-26-2031	2.67%	
Exeter Automobile Receivables Trust 4.00% 08-17-2026 144A	2.61%	
Federative Republic of Brazil 10.00% 01-01-2033	2.31%	
Pathways International Equity Fund (Setanta) SF547	42,373	42,195
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Diageo PLC	4.62%	
Bank of Ireland Group PLC	4.43%	
EssilorLuxottica SA	4.42%	
Groupe Bruxelles Lambert SA *	4.39%	
Thai Beverage PCL	4.26%	
Real Estate Fund (GWLRA) SF353	44,999	76,972
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Laird Business Park	5.21%	
Cash and short-term deposits	4.88%	
Livmore High Park	4.28%	
High Park Village - West Tower	3.97%	
Grenadier Square	3.39%	
Real Return Bond Fund (PIM) SF820	20,586	18,633
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 4.00% 12-01-2031 Real Return	14.35%	
Government of Canada 1.50% 12-01-2044 Real Return	13.53%	
Government of Canada 2.00% 12-01-2041 Real Return	12.65%	
Government of Canada 1.25% 12-01-2047 Real Return	12.39%	
Government of Canada 3.00% 12-01-2036 Real Return	11.94%	

*The issuer of this security is a related company to the issuer of the Fund.

Balanced Allocation Fund S-628

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Short Term Bond Fund (PIM) SF816	12,989	12,625
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 2.75% 08-01-2024	13.70%	
Government of Canada 1.50% 06-01-2031	11.26%	
Canada Housing Trust No. 1 Floating Rate 09-15-2024	4.20%	
Province of Quebec 2.75% 09-01-2025	4.06%	
Pembina Pipeline Corp. 2.56% 06-01-2023	2.48%	
Tactical Bond Fund (PIM) SF558	209,187	187,541
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 2.00% 06-01-2032	5.99%	
Province of Ontario 3.75% 12-02-2053	4.53%	
Government of Canada 1.50% 12-01-2031	3.50%	
Government of Canada 2.75% 08-01-2024	3.41%	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	2.75%	
U.S. Growth Leaders Fund S-286MF	36,595	29,760
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Microsoft Corp.	9.58%	
Apple Inc.	9.15%	
Amazon.com Inc.	3.94%	
UnitedHealth Group Inc.	3.83%	
Alphabet Inc. Class C	3.56%	
U.S. Property Fund 1.80EW	3,975	4,420
<i>Top Holdings:</i>	<i>% of Total</i>	
Canada Life US Property Feeder III LP *	100.00%	
U.S. Value Fund S-178LL	32,426	51,310
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Microsoft Corp.	4.25%	
JPMorgan Chase & Co.	3.27%	
Amazon.com Inc.	2.67%	
Meta Platforms Inc.	2.57%	
Bank of America Corp.	2.27%	
Total Investments	915,086	1,016,620

*The issuer of this security is a related company to the issuer of the Fund.

Balanced Allocation Fund S-628

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Generations/Mosaic	3,260,448	3,625,544	3,920,728	4,461,294	4,953,125	68,298	85,050	86,178	93,699	95,606
Generations I	2,718,818	3,156,794	3,472,084	4,117,225	4,712,163	45,214	58,694	60,389	68,313	71,736
Generations II	181,428	209,950	249,212	257,490	259,886	2,705	3,509	3,907	3,862	3,586
Generations Core	541,268	574,296	654,402	725,613	848,326	8,463	10,011	10,642	11,226	12,009
75/75 guarantee policy	8,065,813	6,746,129	4,796,078	3,425,861	2,931,015	135,644	126,495	83,894	57,011	44,631
75/100 guarantee policy	26,885,474	24,956,642	20,417,541	17,009,006	15,191,440	444,077	460,876	352,710	280,302	229,700
100/100 guarantee policy	995,233	1,048,375	1,026,757	972,031	1,012,835	16,027	18,927	17,388	15,746	15,095
PS1 75/75 guarantee policy	3,461,353	2,871,220	1,685,479	1,132,696	694,646	54,772	50,566	27,641	17,640	9,880
PS1 75/100 guarantee policy	10,435,171	8,895,163	5,415,507	4,333,382	3,957,849	163,319	155,112	88,032	66,966	55,922
PS1 100/100 guarantee policy	526,445	581,796	415,878	438,684	538,902	8,095	9,984	6,664	6,693	7,530
PS2 75/75 guarantee policy	716,056	538,512	354,100	239,445	230,069	14,577	11,914	7,124	4,468	3,830
PS2 75/100 guarantee policy	1,404,704	1,066,179	952,726	935,509	778,668	28,586	23,580	19,160	17,451	12,958
PS2 100/100 guarantee policy	14,745	16,898	15,683	23,325	54,013	300	374	315	435	898
PS 75/75 guarantee policy	530,536	428,329	346,047	324,628	187,042	5,835	5,195	3,873	3,419	1,783
PS 75/100 guarantee policy	1,358,056	807,591	473,349	213,821	200,110	14,754	9,702	5,262	2,243	1,905
PS 100/100 guarantee policy	—	—	—	—	24,241	—	—	—	—	230
PPS 75/75 guarantee policy	123,936	82,026	60,010	64,361	60,998	1,374	1,001	675	680	582
PPS 75/100 guarantee policy	415,094	200,582	119,414	98,164	—	4,580	2,439	1,339	1,035	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
Generations/Mosaic	20.95	23.46	21.98	21.00	19.30	(2.51)	1.48
Generations I	16.63	18.59	17.39	16.59	15.22	(1.96)	1.20
Generations II	14.91	16.71	15.68	15.00	13.80	(1.80)	1.03
Generations Core	15.63	17.43	16.26	15.47	14.16	(1.80)	1.17
75/75 guarantee policy	16.82	18.75	17.49	16.64	15.23	(1.93)	1.26
75/100 guarantee policy	16.52	18.47	17.27	16.48	15.12	(1.95)	1.20
100/100 guarantee policy	16.10	18.05	16.93	16.20	14.90	(1.95)	1.12
PS1 75/75 guarantee policy	15.82	17.61	16.40	15.57	14.22	(1.79)	1.21
PS1 75/100 guarantee policy	15.65	17.44	16.26	15.45	14.13	(1.79)	1.18
PS1 100/100 guarantee policy	15.38	17.16	16.02	15.26	13.97	(1.78)	1.14
PS2 75/75 guarantee policy	20.36	22.12	20.12	18.66	16.65	(1.76)	2.00
PS2 75/100 guarantee policy	20.35	22.12	20.11	18.65	16.64	(1.77)	2.01
PS2 100/100 guarantee policy	20.33	22.10	20.09	18.64	16.63	(1.77)	2.01
PS 75/75 guarantee policy	11.00	12.13	11.19	10.53	9.53	(1.13)	0.94
PS 75/100 guarantee policy	10.86	12.01	11.12	10.49	9.52	(1.15)	0.89
PS 100/100 guarantee policy	—	—	—	—	9.51	—	—
PPS 75/75 guarantee policy	11.09	12.21	11.24	10.56	9.54	(1.12)	0.97
PPS 75/100 guarantee policy	11.03	12.16	11.21	10.54	—	(1.13)	0.95

Balanced Allocation Fund S-628

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Balanced Allocation Fund S-628 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Balanced Allocation Fund S-628

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Balanced Allocation Fund S-628

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Balanced Allocation Fund S-628

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Balanced Allocation Fund S-628

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Balanced Allocation Fund S-628

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Balanced Allocation Fund S-628

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Balanced Allocation Fund S-628

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Balanced Allocation Fund S-628

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Balanced Allocation Fund S-628

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2022.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Balanced Allocation Fund S-628

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification. All Investment Fund Units held by the Fund are classified as Level 2. The Fund's investment in the real estate fund: "Real Estate Fund (GWLRA) SF353", was classified as Level 3 due to transaction restrictions at December 31, 2020.

The following table presents additional information about the Fund's assets measured at fair value on a recurring basis and classified as Level 3:

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ —	\$ 65,467
Total gain (loss) included in net assets from operations attributable to contractholders	—	1,216
Purchases	—	—
Sales	—	—
Settlements	—	—
Transfers into Level 3	—	—
Transfers out of Level 3	—	(66,683)
Balance, end of year	\$ —	\$ —
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	\$ —	\$ —

On January 11, 2021, Canada Life lifted the temporary suspension on contributions to and transfers into its Canadian real estate investment funds, and on April 19, 2021, the temporary suspension on redemptions and transfers out was fully lifted, as confidence over the valuation of the underlying properties returned as a result of increased market activity. As a result of the lifting of these temporary suspensions, the Fund's investment in the real estate fund with a fair value of \$66,683 was transferred on April 19, 2021 from Level 3 to Level 2.

Balanced Allocation Fund S-628

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
Generations/Mosaic	3.01	3.00	2.98	2.98	3.00
Generations I	2.84	2.83	2.82	2.82	2.89
Generations II	3.12	3.11	3.09	3.09	3.11
Generations Core	2.57	2.56	2.54	2.54	2.74
75/75 guarantee policy	2.56	2.55	2.54	2.54	2.72
75/100 guarantee policy	2.84	2.83	2.81	2.82	2.88
100/100 guarantee policy	3.11	3.11	3.09	3.09	3.10
PS1 75/75 guarantee policy	2.38	2.37	2.35	2.35	2.37
PS1 75/100 guarantee policy	2.49	2.48	2.47	2.47	2.48
PS1 100/100 guarantee policy	2.66	2.64	2.63	2.63	2.64
PS 75/75 guarantee policy	1.46	1.46	1.45	1.44	1.44
PS 75/100 guarantee policy	1.73	1.73	1.72	1.72	1.72
PS 100/100 guarantee policy	—	—	—	—	1.99
PPS 75/75 guarantee policy	1.28	1.28	1.27	1.26	1.26
PPS 75/100 guarantee policy	1.39	1.39	1.37	1.37	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	3.67	24.19	45.14	6.99	5.87

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
ADVANCED ALLOCATION FUND S-629

December 31, 2022

Independent Auditor's Report

To the Contractholders of Advanced Allocation Fund S-629 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Advanced Allocation Fund S-629

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	260,417	239,250
Total investments	260,417	239,250
Total assets	\$ 260,417	\$ 239,250
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 260,417	\$ 239,250

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (17,071)	\$ 27,891
Miscellaneous income (loss)	—	—
Total income (loss)	(17,071)	27,891
Expenses		
Management fees (note 8)	5,648	4,711
Other	586	475
Total expenses	6,234	5,186
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (23,305)	\$ 22,705

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 239,250	\$ 161,580
Contractholder deposits	64,509	76,610
Contractholder withdrawals	(20,037)	(21,645)
Increase (decrease) in net assets from operations attributable to contractholders	(23,305)	22,705
Change in net assets attributable to contractholders	21,167	77,670
Net assets attributable to contractholders - end of year	\$ 260,417	\$ 239,250

Advanced Allocation Fund S-629

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (23,305)	\$ 22,705
Adjustments		
Realized (gains) losses	(3,238)	(13,926)
Unrealized (gains) losses	20,309	(13,965)
Gross proceeds of disposition of investments	13,174	56,566
Gross payments for the purchase of investments	(51,412)	(106,345)
	<u>(44,472)</u>	<u>(54,965)</u>
Financing Activities		
Contractholder deposits	64,509	76,610
Contractholder withdrawals	(20,037)	(21,645)
	<u>44,472</u>	<u>54,965</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Advanced Allocation Fund S-629

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
American Equity Fund (BG) SF562	8,785	10,412
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Omnicom Group Inc.	5.05%	
Amdocs Ltd.	4.82%	
Amgen Inc.	4.69%	
Harley-Davidson Inc.	4.39%	
Kimberly-Clark Corp.	4.22%	
American Growth Fund (AGF) SF247	10,460	17,235
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Marathon Petroleum Corp.	6.37%	
Cheniere Energy Inc.	4.79%	
The AES Corp.	4.76%	
T-Mobile US Inc.	4.51%	
Amazon.com Inc.	4.39%	
Canadian Equity Fund (Laketon) SF009	11,092	14,887
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	8.37%	
The Toronto-Dominion Bank	6.41%	
Canadian Pacific Railway Ltd.	6.20%	
Bank of Montreal	4.50%	
Canadian Natural Resources Ltd.	4.47%	
Canadian Equity Fund S-285LL	8,676	10,371
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.03%	
The Toronto-Dominion Bank	6.60%	
Mackenzie US Large Cap Index ETF *	4.02%	
Canadian Natural Resources Ltd.	4.01%	
Bank of Montreal	3.86%	
Canadian Resource Fund S-348MF	1,787	3,284
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
TotalEnergies SE ADR	4.74%	
Shell PLC Class A ADR	4.73%	
Tourmaline Oil Corp.	4.17%	
ARC Resources Ltd.	4.07%	
Advantage Energy Ltd.	3.63%	

*The issuer of this security is a related company to the issuer of the Fund.

Advanced Allocation Fund S-629

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Emerging Markets Fund (P) SF537	10,797	9,767
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	9.15%	
ICICI Bank Ltd.	7.67%	
Tencent Holdings Ltd.	5.46%	
Samsung Electronics Co. Ltd.	4.87%	
Reliance Industries Ltd.	4.61%	
Enhanced Dividend Fund (Laketon) SF039	7,161	10,348
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	8.59%	
The Toronto-Dominion Bank	7.82%	
Bank of Montreal	6.50%	
The Bank of Nova Scotia	5.50%	
BCE Inc.	4.96%	
Global Dividend Fund (SAM) SF528	9,161	9,894
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Johnson & Johnson Inc.	4.19%	
The Procter & Gamble Co.	4.04%	
Sanofi SA	3.86%	
Sampo OYJ A	3.62%	
Nestle SA	3.46%	
Global Future Fund S-183MF	11,065	14,233
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	4.56%	
Aon Corp.	4.04%	
Linde PLC	3.78%	
Danaher Corp.	3.57%	
LVMH Moet Hennessy Louis Vuitton SE	3.36%	
Global Small Cap Growth Fund (Mackenzie) SF533	10,185	10,540
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	3.68%	
The Progressive Corp.	2.94%	
Motorola Solutions Inc.	2.80%	
Wabtec Corp.	2.66%	
Charles River Laboratories International Inc.	2.49%	

Advanced Allocation Fund S-629

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
International Bond Fund (Laketon) SF036	3,463	3,273
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
United States Treasury 1.75% 05-15-2023	4.87%	
Buoni del Tesoro Poliennali 1.25% 12-01-2026	3.49%	
Buoni del Tesoro Poliennali 0.35% 02-01-2025	2.92%	
Government of Japan 0.40% 03-20-2025	2.75%	
Zurich Finance (Ireland) Designated Activity Co. 3.00% 04-19-2031	2.26%	
International Opportunity Fund (JPM) SF556	11,513	10,424
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Nestle SA	5.97%	
Novo Nordisk AS	5.12%	
LVMH Moet Hennessy Louis Vuitton SE	4.62%	
Roche Holding AG Genusscheine	4.60%	
ASML Holding NV	4.39%	
Mid Cap Canada Fund S-346G	6,311	7,902
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Aritzia Inc.	4.11%	
Stella-Jones Inc.	3.87%	
iA Financial Corp. Inc.	3.69%	
Andlauer Healthcare Group Inc.	3.35%	
Borex Inc. Class A	2.74%	
Pathways Canadian Equity Fund (GWLIM) SF543	12,465	14,910
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.70%	
The Toronto-Dominion Bank	6.05%	
Bank of Montreal	5.62%	
Canadian Pacific Railway Ltd.	4.44%	
Canadian National Railway Co.	3.71%	
Pathways Emerging Markets Equity Fund (Northcape) SF550	10,898	9,689
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	6.91%	
Techtronic Industries Co. Ltd.	6.90%	
HDFC Bank Ltd. ADR	6.20%	
America Movil SAB de CV ADR	6.13%	
Maruti Suzuki India Ltd.	6.06%	

Advanced Allocation Fund S-629

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Pathways Global Multi Sector Bond Fund (Brandywine) SF542	3,297	2,989
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
United States Treasury 2.25% 02-15-2052	18.42%	
Cash and short-term deposits	13.47%	
Republic of Columbia 7.00% 03-26-2031	2.67%	
Exeter Automobile Receivables Trust 4.00% 08-17-2026 144A	2.61%	
Federative Republic of Brazil 10.00% 01-01-2033	2.31%	
Pathways International Equity Fund (Setanta) SF547	13,363	13,280
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Diageo PLC	4.62%	
Bank of Ireland Group PLC	4.43%	
EssilorLuxottica SA	4.42%	
Groupe Bruxelles Lambert SA *	4.39%	
Thai Beverage PCL	4.26%	
Real Estate Fund (GWLRA) SF353	16,340	22,500
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Laird Business Park	5.21%	
Cash and short-term deposits	4.88%	
Livmore High Park	4.28%	
High Park Village - West Tower	3.97%	
Grenadier Square	3.39%	
Real Return Bond Fund (PIM) SF820	2,278	2,067
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 4.00% 12-01-2031 Real Return	14.35%	
Government of Canada 1.50% 12-01-2044 Real Return	13.53%	
Government of Canada 2.00% 12-01-2041 Real Return	12.65%	
Government of Canada 1.25% 12-01-2047 Real Return	12.39%	
Government of Canada 3.00% 12-01-2036 Real Return	11.94%	
Tactical Bond Fund (PIM) SF558	36,833	33,291
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 2.00% 06-01-2032	5.99%	
Province of Ontario 3.75% 12-02-2053	4.53%	
Government of Canada 1.50% 12-01-2031	3.50%	
Government of Canada 2.75% 08-01-2024	3.41%	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	2.75%	

*The issuer of this security is a related company to the issuer of the Fund.

Advanced Allocation Fund S-629

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
U.S. Growth Leaders Fund S-286MF	12,323	10,272
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Microsoft Corp.	9.58%	
Apple Inc.	9.15%	
Amazon.com Inc.	3.94%	
UnitedHealth Group Inc.	3.83%	
Alphabet Inc. Class C	3.56%	
U.S. Property Fund 1.80EW	1,095	1,217
<i>Top Holdings:</i>	<i>% of Total</i>	
Canada Life US Property Feeder III LP *	100.00%	
U.S. Value Fund S-178LL	12,306	17,632
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Microsoft Corp.	4.25%	
JPMorgan Chase & Co.	3.27%	
Amazon.com Inc.	2.67%	
Meta Platforms Inc.	2.57%	
Bank of America Corp.	2.27%	
Total Investments	231,654	260,417

*The issuer of this security is a related company to the issuer of the Fund.

Advanced Allocation Fund S-629

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Generations/Mosaic	972,559	1,036,218	1,112,662	1,352,242	1,568,582	23,800	28,140	27,036	30,650	32,201
Generations I	258,449	277,372	325,468	393,085	464,023	4,778	5,678	5,949	6,687	7,134
Generations II	75,654	86,532	88,177	124,914	144,502	1,200	1,525	1,391	1,841	1,931
Generations Core	153,620	167,787	183,019	206,029	357,235	2,576	3,107	3,018	3,153	4,927
75/75 guarantee policy	2,500,585	1,973,771	1,194,968	766,418	682,317	48,799	42,532	22,926	13,649	10,951
75/100 guarantee policy	4,155,403	3,515,066	2,650,003	1,922,022	1,767,296	79,442	74,409	50,083	33,809	28,095
100/100 guarantee policy	398,025	394,737	361,862	332,885	328,786	7,377	8,127	6,674	5,733	5,134
PS1 75/75 guarantee policy	1,156,882	781,478	393,657	226,428	89,891	21,579	16,067	7,193	3,833	1,369
PS1 75/100 guarantee policy	1,992,433	1,562,243	1,059,396	695,418	599,264	36,732	31,779	19,173	11,673	9,058
PS1 100/100 guarantee policy	168,370	197,083	113,882	103,901	42,141	3,012	3,901	2,011	1,706	625
PS2 75/75 guarantee policy	319,547	275,211	220,120	238,260	143,827	7,757	7,181	4,979	4,871	2,580
PS2 75/100 guarantee policy	603,970	384,626	321,423	373,103	315,907	14,672	10,044	7,275	7,633	5,672
PS 75/75 guarantee policy	168,443	202,112	177,387	145,816	155,567	1,973	2,586	1,998	1,508	1,434
PS 75/100 guarantee policy	102,316	83,533	22,961	26,203	37,773	1,184	1,059	258	270	348
PPS 75/75 guarantee policy	328,147	162,428	91,743	51,431	—	3,876	2,092	1,038	534	—
PPS 75/100 guarantee policy	141,188	79,768	51,238	—	—	1,660	1,023	578	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
Generations/Mosaic	24.47	27.16	24.30	22.67	20.53	(2.69)	2.86
Generations I	18.49	20.47	18.28	17.01	15.37	(1.98)	2.19
Generations II	15.86	17.62	15.78	14.74	13.36	(1.76)	1.84
Generations Core	16.77	18.52	16.49	15.31	13.79	(1.75)	2.03
75/75 guarantee policy	19.51	21.55	19.19	17.81	16.05	(2.04)	2.36
75/100 guarantee policy	19.12	21.17	18.90	17.59	15.90	(2.05)	2.27
100/100 guarantee policy	18.53	20.59	18.44	17.22	15.62	(2.06)	2.15
PS1 75/75 guarantee policy	18.65	20.56	18.27	16.93	15.23	(1.91)	2.29
PS1 75/100 guarantee policy	18.44	20.34	18.10	16.79	15.12	(1.90)	2.24
PS1 100/100 guarantee policy	17.89	19.79	17.66	16.42	14.83	(1.90)	2.13
PS2 75/75 guarantee policy	24.27	26.09	22.62	20.44	17.94	(1.82)	3.47
PS2 75/100 guarantee policy	24.29	26.11	22.63	20.46	17.95	(1.82)	3.48
PS 75/75 guarantee policy	11.71	12.79	11.27	10.34	9.22	(1.08)	1.52
PS 75/100 guarantee policy	11.57	12.67	11.19	10.30	9.21	(1.10)	1.48
PPS 75/75 guarantee policy	11.81	12.88	11.32	10.37	—	(1.07)	1.56
PPS 75/100 guarantee policy	11.75	12.83	11.29	—	—	(1.08)	1.54

Advanced Allocation Fund S-629

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Advanced Allocation Fund S-629 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Advanced Allocation Fund S-629

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Advanced Allocation Fund S-629

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Advanced Allocation Fund S-629

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Advanced Allocation Fund S-629

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Advanced Allocation Fund S-629

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Advanced Allocation Fund S-629

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Advanced Allocation Fund S-629

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Advanced Allocation Fund S-629

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Advanced Allocation Fund S-629

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2022.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Advanced Allocation Fund S-629

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification. All Investment Fund Units held by the Fund are classified as Level 2. The Fund's investment in the real estate fund: "Real Estate Fund (GWLRA) SF353", was classified as Level 3 due to transaction restrictions at December 31, 2020.

The following table presents additional information about the Fund's assets measured at fair value on a recurring basis and classified as Level 3:

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ —	\$ 11,545
Total gain (loss) included in net assets from operations attributable to contractholders	—	214
Purchases	—	—
Sales	—	—
Settlements	—	—
Transfers into Level 3	—	—
Transfers out of Level 3	—	(11,759)
Balance, end of year	\$ —	\$ —
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	\$ —	\$ —

On January 11, 2021, Canada Life lifted the temporary suspension on contributions to and transfers into its Canadian real estate investment funds, and on April 19, 2021, the temporary suspension on redemptions and transfers out was fully lifted, as confidence over the valuation of the underlying properties returned as a result of increased market activity. As a result of the lifting of these temporary suspensions, the Fund's investment in the real estate fund with a fair value of \$11,759 was transferred on April 19, 2021 from Level 3 to Level 2.

Advanced Allocation Fund S-629

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
Generations/Mosaic	3.19	3.18	3.16	3.16	3.18
Generations I	2.97	2.96	2.94	2.94	3.04
Generations II	3.30	3.28	3.28	3.27	3.28
Generations Core	2.69	2.68	2.67	2.67	2.87
75/75 guarantee policy	2.68	2.67	2.66	2.66	2.84
75/100 guarantee policy	2.96	2.95	2.94	2.94	3.03
100/100 guarantee policy	3.30	3.28	3.27	3.27	3.28
PS1 75/75 guarantee policy	2.50	2.49	2.47	2.47	2.49
PS1 75/100 guarantee policy	2.61	2.60	2.58	2.59	2.60
PS1 100/100 guarantee policy	2.90	2.87	2.86	2.86	2.87
PS 75/75 guarantee policy	1.59	1.58	1.57	1.56	1.56
PS 75/100 guarantee policy	1.86	1.84	1.84	1.85	1.84
PPS 75/75 guarantee policy	1.40	1.39	1.38	1.37	—
PPS 75/100 guarantee policy	1.51	1.50	1.49	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	5.32	28.63	48.25	15.14	21.77

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
AGGRESSIVE ALLOCATION FUND S-630

December 31, 2022

Independent Auditor's Report

To the Contractholders of Aggressive Allocation Fund S-630 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Aggressive Allocation Fund S-630

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	167,390	154,709
Total investments	167,390	154,709
Total assets	\$ 167,390	\$ 154,709
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 167,390	\$ 154,709

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (10,352)	\$ 22,774
Miscellaneous income (loss)	—	—
Total income (loss)	(10,352)	22,774
Expenses		
Management fees (note 8)	3,720	3,106
Other	375	307
Total expenses	4,095	3,413
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (14,447)	\$ 19,361

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 154,709	\$ 106,487
Contractholder deposits	38,102	43,543
Contractholder withdrawals	(10,974)	(14,682)
Increase (decrease) in net assets from operations attributable to contractholders	(14,447)	19,361
Change in net assets attributable to contractholders	12,681	48,222
Net assets attributable to contractholders - end of year	\$ 167,390	\$ 154,709

Aggressive Allocation Fund S-630

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (14,447)	\$ 19,361
Adjustments		
Realized (gains) losses	(3,180)	(10,274)
Unrealized (gains) losses	13,532	(12,500)
Gross proceeds of disposition of investments	10,516	42,670
Gross payments for the purchase of investments	(33,549)	(68,118)
	<u>(27,128)</u>	<u>(28,861)</u>
Financing Activities		
Contractholder deposits	38,102	43,543
Contractholder withdrawals	(10,974)	(14,682)
	<u>27,128</u>	<u>28,861</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Aggressive Allocation Fund S-630

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
American Equity Fund (BG) SF562	6,433	7,507
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Omnicom Group Inc.	5.05%	
Amdocs Ltd.	4.82%	
Amgen Inc.	4.69%	
Harley-Davidson Inc.	4.39%	
Kimberly-Clark Corp.	4.22%	
American Growth Fund (AGF) SF247	8,641	13,890
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Marathon Petroleum Corp.	6.37%	
Cheniere Energy Inc.	4.79%	
The AES Corp.	4.76%	
T-Mobile US Inc.	4.51%	
Amazon.com Inc.	4.39%	
Canadian Equity Fund (Laketon) SF009	8,894	11,620
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	8.37%	
The Toronto-Dominion Bank	6.41%	
Canadian Pacific Railway Ltd.	6.20%	
Bank of Montreal	4.50%	
Canadian Natural Resources Ltd.	4.47%	
Canadian Equity Fund S-285LL	5,565	6,649
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.03%	
The Toronto-Dominion Bank	6.60%	
Mackenzie US Large Cap Index ETF *	4.02%	
Canadian Natural Resources Ltd.	4.01%	
Bank of Montreal	3.86%	
Canadian Resource Fund S-348MF	1,923	3,368
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
TotalEnergies SE ADR	4.74%	
Shell PLC Class A ADR	4.73%	
Tourmaline Oil Corp.	4.17%	
ARC Resources Ltd.	4.07%	
Advantage Energy Ltd.	3.63%	

*The issuer of this security is a related company to the issuer of the Fund.

Aggressive Allocation Fund S-630

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Emerging Markets Fund (P) SF537	8,210	7,607
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	9.15%	
ICICI Bank Ltd.	7.67%	
Tencent Holdings Ltd.	5.46%	
Samsung Electronics Co. Ltd.	4.87%	
Reliance Industries Ltd.	4.61%	
Enhanced Dividend Fund (Laketon) SF039	5,327	6,629
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	8.59%	
The Toronto-Dominion Bank	7.82%	
Bank of Montreal	6.50%	
The Bank of Nova Scotia	5.50%	
BCE Inc.	4.96%	
Global Dividend Fund (SAM) SF528	3,946	4,280
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Johnson & Johnson Inc.	4.19%	
The Procter & Gamble Co.	4.04%	
Sanofi SA	3.86%	
Sampo OYJ A	3.62%	
Nestle SA	3.46%	
Global Future Fund S-183MF	9,299	11,708
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	4.56%	
Aon Corp.	4.04%	
Linde PLC	3.78%	
Danaher Corp.	3.57%	
LVMH Moet Hennessy Louis Vuitton SE	3.36%	
Global Small Cap Growth Fund (Mackenzie) SF533	8,291	8,478
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	3.68%	
The Progressive Corp.	2.94%	
Motorola Solutions Inc.	2.80%	
Wabtec Corp.	2.66%	
Charles River Laboratories International Inc.	2.49%	

Aggressive Allocation Fund S-630

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
International Opportunity Fund (JPM) SF556	11,233	10,160
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Nestle SA	5.97%	
Novo Nordisk AS	5.12%	
LVMH Moet Hennessy Louis Vuitton SE	4.62%	
Roche Holding AG Genusscheine	4.60%	
ASML Holding NV	4.39%	
Mid Cap Canada Fund S-346G	6,970	8,413
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Aritzia Inc.	4.11%	
Stella-Jones Inc.	3.87%	
iA Financial Corp. Inc.	3.69%	
Andlauer Healthcare Group Inc.	3.35%	
Borex Inc. Class A	2.74%	
Pathways Canadian Equity Fund (GWLIM) SF543	9,717	11,631
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.70%	
The Toronto-Dominion Bank	6.05%	
Bank of Montreal	5.62%	
Canadian Pacific Railway Ltd.	4.44%	
Canadian National Railway Co.	3.71%	
Pathways Emerging Markets Equity Fund (Northcape) SF550	8,364	7,428
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	6.91%	
Techtronic Industries Co. Ltd.	6.90%	
HDFC Bank Ltd. ADR	6.20%	
America Movil SAB de CV ADR	6.13%	
Maruti Suzuki India Ltd.	6.06%	
Pathways International Equity Fund (Setanta) SF547	9,545	9,507
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Diageo PLC	4.62%	
Bank of Ireland Group PLC	4.43%	
EssilorLuxottica SA	4.42%	
Groupe Bruxelles Lambert SA *	4.39%	
Thai Beverage PCL	4.26%	

*The issuer of this security is a related company to the issuer of the Fund.

Aggressive Allocation Fund S-630

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Real Estate Fund (GWLRA) SF353	12,232	16,020
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Laird Business Park	5.21%	
Cash and short-term deposits	4.88%	
Livmore High Park	4.28%	
High Park Village - West Tower	3.97%	
Grenadier Square	3.39%	
U.S. Growth Leaders Fund S-286MF	8,852	7,414
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Microsoft Corp.	9.58%	
Apple Inc.	9.15%	
Amazon.com Inc.	3.94%	
UnitedHealth Group Inc.	3.83%	
Alphabet Inc. Class C	3.56%	
U.S. Property Fund 1.80EW	774	861
<i>Top Holdings:</i>	<i>% of Total</i>	
Canada Life US Property Feeder III LP *	100.00%	
U.S. Value Fund S-178LL	10,792	14,220
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Microsoft Corp.	4.25%	
JPMorgan Chase & Co.	3.27%	
Amazon.com Inc.	2.67%	
Meta Platforms Inc.	2.57%	
Bank of America Corp.	2.27%	
Total Investments	145,008	167,390

*The issuer of this security is a related company to the issuer of the Fund.

Aggressive Allocation Fund S-630

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Generations/Mosaic	429,418	452,503	500,389	597,956	708,776	10,974	12,789	12,236	13,678	14,398
Generations I	207,471	224,887	250,239	276,487	333,883	4,133	4,948	4,759	4,913	5,263
Generations II	23,877	25,575	36,469	51,311	71,449	396	470	580	765	948
Generations Core	110,520	112,478	141,524	155,699	241,839	1,955	2,190	2,372	2,429	3,334
75/75 guarantee policy	1,652,865	1,314,168	1,015,736	687,778	630,503	36,508	31,942	21,255	13,398	10,853
75/100 guarantee policy	2,076,798	1,691,135	1,172,460	821,087	759,740	44,584	40,105	24,030	15,726	12,907
100/100 guarantee policy	174,613	188,294	199,905	194,951	213,344	3,634	4,341	3,993	3,649	3,552
PS1 75/75 guarantee policy	1,082,848	892,685	653,673	498,064	451,150	22,811	20,645	12,984	9,187	7,336
PS1 75/100 guarantee policy	1,011,585	709,210	387,539	226,808	268,328	21,064	16,230	7,626	4,149	4,331
PS1 100/100 guarantee policy	44,841	39,861	32,219	2,467	5,470	895	878	613	44	86
PS2 75/75 guarantee policy	343,007	304,753	353,767	352,626	334,228	9,459	8,994	8,741	7,890	6,428
PS2 75/100 guarantee policy	83,381	93,583	50,139	28,848	78,997	2,299	2,761	1,238	645	1,519
PS 75/75 guarantee policy	335,294	384,058	403,360	444,073	318,851	4,025	5,019	4,488	4,550	2,855
PS 75/100 guarantee policy	78,514	51,589	13,797	—	—	926	665	152	—	—
PPS 75/75 guarantee policy	267,506	184,847	126,862	112,466	49,719	3,247	2,436	1,420	1,156	446
PPS 75/100 guarantee policy	39,755	22,593	—	—	—	480	296	—	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
Generations/Mosaic	25.56	28.26	24.45	22.88	20.31	(2.70)	3.81
Generations I	19.92	22.00	19.02	17.77	15.76	(2.08)	2.98
Generations II	16.58	18.36	15.91	14.91	13.26	(1.78)	2.45
Generations Core	17.69	19.47	16.76	15.60	13.79	(1.78)	2.71
75/75 guarantee policy	22.09	24.31	20.93	19.48	17.21	(2.22)	3.38
75/100 guarantee policy	21.47	23.72	20.50	19.15	16.99	(2.25)	3.22
100/100 guarantee policy	20.81	23.05	19.98	18.72	16.65	(2.24)	3.07
PS1 75/75 guarantee policy	21.07	23.13	19.86	18.45	16.26	(2.06)	3.27
PS1 75/100 guarantee policy	20.82	22.88	19.68	18.29	16.14	(2.06)	3.20
PS1 100/100 guarantee policy	19.97	22.03	19.01	17.74	15.72	(2.06)	3.02
PS2 75/75 guarantee policy	27.58	29.51	24.71	22.37	19.23	(1.93)	4.80
PS2 75/100 guarantee policy	27.57	29.50	24.70	22.37	19.23	(1.93)	4.80
PS 75/75 guarantee policy	12.01	13.07	11.13	10.25	8.95	(1.06)	1.94
PS 75/100 guarantee policy	11.80	12.89	11.02	—	—	(1.09)	1.87
PPS 75/75 guarantee policy	12.14	13.18	11.19	10.28	8.97	(1.04)	1.99
PPS 75/100 guarantee policy	12.07	13.12	—	—	—	(1.05)	1.96

Aggressive Allocation Fund S-630

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Aggressive Allocation Fund S-630 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Aggressive Allocation Fund S-630

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Aggressive Allocation Fund S-630

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Aggressive Allocation Fund S-630

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Aggressive Allocation Fund S-630

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Aggressive Allocation Fund S-630

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Aggressive Allocation Fund S-630

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Aggressive Allocation Fund S-630

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Aggressive Allocation Fund S-630

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Aggressive Allocation Fund S-630

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2022.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Aggressive Allocation Fund S-630

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification. All Investment Fund Units held by the Fund are classified as Level 2. The Fund's investment in the real estate fund: "Real Estate Fund (GWLRA) SF353", was classified as Level 3 due to transaction restrictions at December 31, 2020.

The following table presents additional information about the Fund's assets measured at fair value on a recurring basis and classified as Level 3:

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ —	\$ 8,619
Total gain (loss) included in net assets from operations attributable to contractholders	—	160
Purchases	—	—
Sales	—	—
Settlements	—	—
Transfers into Level 3	—	—
Transfers out of Level 3	—	(8,779)
Balance, end of year	\$ —	\$ —
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	\$ —	\$ —

On January 11, 2021, Canada Life lifted the temporary suspension on contributions to and transfers into its Canadian real estate investment funds, and on April 19, 2021, the temporary suspension on redemptions and transfers out was fully lifted, as confidence over the valuation of the underlying properties returned as a result of increased market activity. As a result of the lifting of these temporary suspensions, the Fund's investment in the real estate fund with a fair value of \$8,779 was transferred on April 19, 2021 from Level 3 to Level 2.

Aggressive Allocation Fund S-630

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
Generations/Mosaic	3.29	3.28	3.27	3.27	3.30
Generations I	3.18	3.17	3.16	3.16	3.22
Generations II	3.46	3.46	3.43	3.44	3.46
Generations Core	2.80	2.79	2.77	2.78	2.98
75/75 guarantee policy	2.79	2.78	2.77	2.77	2.95
75/100 guarantee policy	3.17	3.16	3.15	3.16	3.21
100/100 guarantee policy	3.46	3.45	3.43	3.43	3.46
PS1 75/75 guarantee policy	2.55	2.54	2.52	2.53	2.55
PS1 75/100 guarantee policy	2.66	2.65	2.63	2.64	2.65
PS1 100/100 guarantee policy	3.05	3.04	3.00	3.03	3.04
PS 75/75 guarantee policy	1.70	1.69	1.68	1.67	1.68
PS 75/100 guarantee policy	2.07	2.06	2.04	—	—
PPS 75/75 guarantee policy	1.45	1.45	1.43	1.42	1.43
PPS 75/100 guarantee policy	1.56	1.56	—	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	6.70	32.76	32.07	13.49	39.34

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

INCOME FOCUS FUND SF631

December 31, 2022

Independent Auditor's Report

To the Contractholders of Income Focus Fund SF631 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Income Focus Fund SF631

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	58,703	76,881
Total investments	58,703	76,881
Total assets	\$ 58,703	\$ 76,881
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 58,703	\$ 76,881

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (5,721)	\$ 1,167
Miscellaneous income (loss)	—	—
Total income (loss)	(5,721)	1,167
Expenses		
Management fees (note 8)	1,404	1,794
Other	142	180
Total expenses	1,546	1,974
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (7,267)	\$ (807)

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year		
	\$ 76,881	\$ 82,169
Contractholder deposits	982	3,997
Contractholder withdrawals	(11,893)	(8,478)
Increase (decrease) in net assets from operations attributable to contractholders	(7,267)	(807)
Change in net assets attributable to contractholders	(18,178)	(5,288)
Net assets attributable to contractholders - end of year	\$ 58,703	\$ 76,881

Income Focus Fund SF631

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (7,267)	\$ (807)
Adjustments		
Realized (gains) losses	(2,024)	(2,175)
Unrealized (gains) losses	7,745	1,008
Gross proceeds of disposition of investments	17,482	14,628
Gross payments for the purchase of investments	(5,025)	(8,173)
	<u>10,911</u>	<u>4,481</u>
Financing Activities		
Contractholder deposits	982	3,997
Contractholder withdrawals	(11,893)	(8,478)
	<u>(10,911)</u>	<u>(4,481)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Income Focus Fund SF631

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Core Bond Fund (PIM) SF531	5,280	5,275
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 1.50% 12-01-2031	7.41%	
Government of Canada 2.00% 06-01-2032	6.76%	
Province of Ontario 3.75% 12-02-2053	5.29%	
Canada Housing Trust No. 1 Floating Rate 09-15-2026	4.57%	
National Bank of Canada 2.545% 07-12-2024	2.89%	
Dividend Fund S-189LL	730	943
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	6.12%	
The Toronto-Dominion Bank	5.94%	
Enbridge Inc.	4.21%	
Canadian National Railway Co.	3.50%	
The Bank of Nova Scotia	3.46%	
Enhanced Dividend Fund (Laketon) SF039	1,790	2,355
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	8.59%	
The Toronto-Dominion Bank	7.82%	
Bank of Montreal	6.50%	
The Bank of Nova Scotia	5.50%	
BCE Inc.	4.96%	
Fixed Income Fund (Laketon) SF019	18,491	18,740
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 1.50% 12-01-2031	8.00%	
Province of Ontario 3.75% 12-02-2053	4.68%	
Government of Canada 2.75% 08-01-2024	3.63%	
Government of Canada 2.00% 06-01-2032	3.34%	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	2.70%	
Global Equity Fund (Trimark) SF051	1,759	2,004
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Canadian Dollar Cash Management Fund Series I	6.24%	
Visa Inc. Class A	5.57%	
British American Tobacco PLC	5.38%	
Microsoft Corp.	4.59%	
SAP SE	4.34%	

*The issuer of this security is a related company to the issuer of the Fund.

Income Focus Fund SF631

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Global Infrastructure Equity Fund (London Capital) SF515	2,345	2,931
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
NextEra Energy Inc.	5.85%	
American Electric Power Co. Inc.	5.19%	
Transurban Group Stapled Security	3.75%	
Enbridge Inc.	3.22%	
Iberdrola SA	3.10%	
Global Unconstrained Fund (Mackenzie) SF530	4,317	4,702
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	5.60%	
Mackenzie Canadian All Corporate Bond Index ETF *	4.34%	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	4.10%	
Mackenzie Canadian Short Term Bond Index ETF *	3.50%	
Government of Canada 1.75% 12-01-2053	2.74%	
Government Bond Fund S-167G	5,623	5,889
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Canada Housing Trust No. 1 Floating Rate 03-15-2026	28.95%	
Government of Canada 1.25% 03-01-2027	7.68%	
Canada Housing Trust No. 1 1.95% 12-15-2025	7.34%	
Government of Canada 2.75% 08-01-2024	6.56%	
Canada Housing Trust No. 1 2.90% 06-15-2024	6.33%	
International Bond Fund (Laketon) SF036	6,814	6,483
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
United States Treasury 1.75% 05-15-2023	4.87%	
Buoni del Tesoro Poliennali 1.25% 12-01-2026	3.49%	
Buoni del Tesoro Poliennali 0.35% 02-01-2025	2.92%	
Government of Japan 0.40% 03-20-2025	2.75%	
Zurich Finance (Ireland) Designated Activity Co. 3.00% 04-19-2031	2.26%	
Long Term Bond Fund (PIM) SF818	1,907	1,728
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 1.75% 12-01-2053	4.84%	
Government of Canada 2.00% 12-01-2051	2.95%	
Province of Ontario 3.45% 06-02-2045	2.79%	
Province of Ontario 3.50% 06-02-2043	2.76%	
Province of Quebec 3.10% 12-01-2051	2.63%	

*The issuer of this security is a related company to the issuer of the Fund.

Income Focus Fund SF631

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
North American High Yield Bond Fund (MF) SF819	2,092	2,354
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	5.95%	
Mackenzie Global Sustainable High Yield Bond Fund Series R *	2.81%	
Mackenzie Global High Yield Fixed Income ETF *	1.79%	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	1.30%	
Keyera Corp. 6.875% 06-13-2029	1.09%	
Real Estate Fund (GWLRA) SF353	2,470	3,546
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Laird Business Park	5.21%	
Cash and short-term deposits	4.88%	
Livmore High Park	4.28%	
High Park Village - West Tower	3.97%	
Grenadier Square	3.39%	
Real Return Bond Fund (PIM) SF820	1,738	1,753
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 4.00% 12-01-2031 Real Return	14.35%	
Government of Canada 1.50% 12-01-2044 Real Return	13.53%	
Government of Canada 2.00% 12-01-2041 Real Return	12.65%	
Government of Canada 1.25% 12-01-2047 Real Return	12.39%	
Government of Canada 3.00% 12-01-2036 Real Return	11.94%	
Total Investments	55,356	58,703

*The issuer of this security is a related company to the issuer of the Fund.

Income Focus Fund SF631

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Generations/Mosaic	347,445	410,694	442,691	498,043	578,173	4,721	6,219	6,784	7,333	8,086
Generations I	581,885	806,531	906,881	981,640	1,238,616	8,024	12,380	14,072	14,619	17,501
Generations II	80,072	96,229	110,944	117,662	140,416	1,027	1,376	1,605	1,635	1,854
Generations Core	53,183	64,065	73,887	85,970	100,929	701	938	1,091	1,216	1,352
75/75 guarantee policy	425,287	752,969	715,770	307,230	274,026	5,322	10,465	10,034	4,125	3,483
75/100 guarantee policy	1,996,693	2,122,535	2,190,046	1,845,401	1,630,513	24,604	29,114	30,367	24,559	20,587
100/100 guarantee policy	164,306	194,488	185,148	187,732	174,696	1,998	2,635	2,540	2,474	2,186
PS1 75/75 guarantee policy	104,017	111,153	111,347	79,112	23,597	1,235	1,461	1,472	998	281
PS1 75/100 guarantee policy	605,928	615,719	738,996	453,771	399,947	7,102	8,000	9,668	5,674	4,726
PS1 100/100 guarantee policy	69,836	109,930	125,174	66,666	64,979	808	1,412	1,620	826	761
PS2 75/75 guarantee policy	2,667	1,947	67	68	—	39	31	1	1	—
PS2 75/100 guarantee policy	127,544	86,511	82,162	75,618	84,556	1,891	1,391	1,301	1,120	1,157
PS2 100/100 guarantee policy	—	5,938	—	5,513	5,638	—	95	—	81	77
PS 75/75 guarantee policy	12,421	15,610	18,267	9,253	3,177	127	175	204	98	32
PS 75/100 guarantee policy	103,875	101,452	123,636	45,718	14,876	1,049	1,128	1,374	482	147
PS 100/100 guarantee policy	49	—	—	—	—	—	—	—	—	—
PPS 75/100 guarantee policy	5,341	5,402	3,243	—	—	55	61	36	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
Generations/Mosaic	13.59	15.14	15.33	14.72	13.99	(1.55)	(0.19)
Generations I	13.79	15.35	15.52	14.89	14.13	(1.56)	(0.17)
Generations II	12.83	14.29	14.47	13.90	13.20	(1.46)	(0.18)
Generations Core	13.18	14.64	14.77	14.15	13.39	(1.46)	(0.13)
75/75 guarantee policy	12.51	13.90	14.02	13.43	12.71	(1.39)	(0.12)
75/100 guarantee policy	12.32	13.72	13.87	13.31	12.63	(1.40)	(0.15)
100/100 guarantee policy	12.16	13.55	13.71	13.18	12.51	(1.39)	(0.16)
PS1 75/75 guarantee policy	11.87	13.14	13.22	12.62	11.91	(1.27)	(0.08)
PS1 75/100 guarantee policy	11.72	12.99	13.08	12.51	11.82	(1.27)	(0.09)
PS1 100/100 guarantee policy	11.57	12.84	12.94	12.39	11.72	(1.27)	(0.10)
PS2 75/75 guarantee policy	14.78	16.03	15.79	14.77	—	(1.25)	0.24
PS2 75/100 guarantee policy	14.83	16.08	15.83	14.81	13.69	(1.25)	0.25
PS2 100/100 guarantee policy	—	16.00	—	14.74	13.63	—	0.24
PS 75/75 guarantee policy	10.20	11.20	11.18	10.59	9.91	(1.00)	0.02
PS 75/100 guarantee policy	10.10	11.12	11.11	10.55	9.90	(1.02)	0.01
PS 100/100 guarantee policy	10.05	—	—	—	—	(1.02)	—
PPS 75/100 guarantee policy	10.28	11.27	11.23	—	—	(0.99)	0.04

Income Focus Fund SF631

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Income Focus Fund SF631 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Income Focus Fund SF631

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Income Focus Fund SF631

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Income Focus Fund SF631

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Income Focus Fund SF631

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Income Focus Fund SF631

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Income Focus Fund SF631

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Income Focus Fund SF631

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Income Focus Fund SF631

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Income Focus Fund SF631

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2022.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Income Focus Fund SF631

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification. All Investment Fund Units held by the Fund are classified as Level 2. The Fund's investment in the real estate fund: "Real Estate Fund (GWLRA) SF353", was classified as Level 3 due to transaction restrictions at December 31, 2020.

The following table presents additional information about the Fund's assets measured at fair value on a recurring basis and classified as Level 3:

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ —	\$ 4,301
Total gain (loss) included in net assets from operations attributable to contractholders	—	80
Purchases	—	—
Sales	—	—
Settlements	—	—
Transfers into Level 3	—	—
Transfers out of Level 3	—	(4,381)
Balance, end of year	\$ —	\$ —
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	\$ —	\$ —

On January 11, 2021, Canada Life lifted the temporary suspension on contributions to and transfers into its Canadian real estate investment funds, and on April 19, 2021, the temporary suspension on redemptions and transfers out was fully lifted, as confidence over the valuation of the underlying properties returned as a result of increased market activity. As a result of the lifting of these temporary suspensions, the Fund's investment in the real estate fund with a fair value of \$4,381 was transferred on April 19, 2021 from Level 3 to Level 2.

Income Focus Fund SF631

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
Generations/Mosaic	2.73	2.73	2.71	2.72	2.74
Generations I	2.62	2.62	2.60	2.61	2.63
Generations II	2.73	2.73	2.71	2.72	2.73
Generations Core	2.40	2.40	2.38	2.39	2.49
75/75 guarantee policy	2.41	2.39	2.38	2.38	2.49
75/100 guarantee policy	2.61	2.62	2.60	2.61	2.63
100/100 guarantee policy	2.73	2.73	2.71	2.72	2.73
PS1 75/75 guarantee policy	2.10	2.10	2.09	2.08	2.10
PS1 75/100 guarantee policy	2.21	2.22	2.19	2.20	2.22
PS1 100/100 guarantee policy	2.33	2.33	2.30	2.31	2.32
PS 75/75 guarantee policy	1.30	1.30	1.29	1.28	1.29
PS 75/100 guarantee policy	1.51	1.52	1.50	1.50	1.51
PS 100/100 guarantee policy	1.63	—	—	—	—
PPS 75/100 guarantee policy	1.11	1.11	1.10	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	7.83	10.99	15.15	13.38	6.59

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
INCOME GROWTH FUND SF632

December 31, 2022

Independent Auditor's Report

To the Contractholders of Income Growth Fund SF632 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Income Growth Fund SF632

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	43,343	49,093
Total investments	43,343	49,093
Total assets	\$ 43,343	\$ 49,093
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 43,343	\$ 49,093

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (3,561)	\$ 1,998
Miscellaneous income (loss)	—	—
Total income (loss)	(3,561)	1,998
Expenses		
Management fees (note 8)	1,035	1,105
Other	106	112
Total expenses	1,141	1,217
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (4,702)	\$ 781

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 49,093	\$ 50,060
Contractholder deposits	7,040	5,239
Contractholder withdrawals	(8,088)	(6,987)
Increase (decrease) in net assets from operations attributable to contractholders	(4,702)	781
Change in net assets attributable to contractholders	(5,750)	(967)
Net assets attributable to contractholders - end of year	\$ 43,343	\$ 49,093

Income Growth Fund SF632

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (4,702)	\$ 781
Adjustments		
Realized (gains) losses	(1,421)	(2,239)
Unrealized (gains) losses	4,982	241
Gross proceeds of disposition of investments	9,049	10,459
Gross payments for the purchase of investments	(6,860)	(7,494)
	<u>1,048</u>	<u>1,748</u>
Financing Activities		
Contractholder deposits	7,040	5,239
Contractholder withdrawals	(8,088)	(6,987)
	<u>(1,048)</u>	<u>(1,748)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Income Growth Fund SF632

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Canadian Equity Value Fund S-347C	437	558
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.04%	
The Toronto-Dominion Bank	6.46%	
Canadian Natural Resources Ltd.	4.17%	
Mackenzie US Large Cap Index ETF *	4.14%	
Canadian National Railway Co.	3.88%	
Core Bond Fund (PIM) SF531	3,464	3,473
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 1.50% 12-01-2031	7.41%	
Government of Canada 2.00% 06-01-2032	6.76%	
Province of Ontario 3.75% 12-02-2053	5.29%	
Canada Housing Trust No. 1 Floating Rate 09-15-2026	4.57%	
National Bank of Canada 2.545% 07-12-2024	2.89%	
Dividend Fund S-189LL	1,468	2,138
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	6.12%	
The Toronto-Dominion Bank	5.94%	
Enbridge Inc.	4.21%	
Canadian National Railway Co.	3.50%	
The Bank of Nova Scotia	3.46%	
Enhanced Dividend Fund (Laketon) SF039	1,334	1,910
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	8.59%	
The Toronto-Dominion Bank	7.82%	
Bank of Montreal	6.50%	
The Bank of Nova Scotia	5.50%	
BCE Inc.	4.96%	
Fixed Income Fund (Laketon) SF019	11,168	11,500
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 1.50% 12-01-2031	8.00%	
Province of Ontario 3.75% 12-02-2053	4.68%	
Government of Canada 2.75% 08-01-2024	3.63%	
Government of Canada 2.00% 06-01-2032	3.34%	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	2.70%	

*The issuer of this security is a related company to the issuer of the Fund.

Income Growth Fund SF632

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Global Equity Fund (Trimark) SF051	2,943	3,529
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Canadian Dollar Cash Management Fund Series I	6.24%	
Visa Inc. Class A	5.57%	
British American Tobacco PLC	5.38%	
Microsoft Corp.	4.59%	
SAP SE	4.34%	
Global Infrastructure Equity Fund (London Capital) SF515	2,643	3,470
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
NextEra Energy Inc.	5.85%	
American Electric Power Co. Inc.	5.19%	
Transurban Group Stapled Security	3.75%	
Enbridge Inc.	3.22%	
Iberdrola SA	3.10%	
Global Unconstrained Fund (Mackenzie) SF530	2,568	2,844
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	5.60%	
Mackenzie Canadian All Corporate Bond Index ETF *	4.34%	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	4.10%	
Mackenzie Canadian Short Term Bond Index ETF *	3.50%	
Government of Canada 1.75% 12-01-2053	2.74%	
Government Bond Fund S-167G	3,308	3,504
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Canada Housing Trust No. 1 Floating Rate 03-15-2026	28.95%	
Government of Canada 1.25% 03-01-2027	7.68%	
Canada Housing Trust No. 1 1.95% 12-15-2025	7.34%	
Government of Canada 2.75% 08-01-2024	6.56%	
Canada Housing Trust No. 1 2.90% 06-15-2024	6.33%	
International Bond Fund (Laketon) SF036	3,999	3,940
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
United States Treasury 1.75% 05-15-2023	4.87%	
Buoni del Tesoro Poliennali 1.25% 12-01-2026	3.49%	
Buoni del Tesoro Poliennali 0.35% 02-01-2025	2.92%	
Government of Japan 0.40% 03-20-2025	2.75%	
Zurich Finance (Ireland) Designated Activity Co. 3.00% 04-19-2031	2.26%	

*The issuer of this security is a related company to the issuer of the Fund.

Income Growth Fund SF632

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Long Term Bond Fund (PIM) SF818	2,285	2,104
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 1.75% 12-01-2053	4.84%	
Government of Canada 2.00% 12-01-2051	2.95%	
Province of Ontario 3.45% 06-02-2045	2.79%	
Province of Ontario 3.50% 06-02-2043	2.76%	
Province of Quebec 3.10% 12-01-2051	2.63%	
North American High Yield Bond Fund (MF) SF819	770	874
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	5.95%	
Mackenzie Global Sustainable High Yield Bond Fund Series R *	2.81%	
Mackenzie Global High Yield Fixed Income ETF *	1.79%	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	1.30%	
Keyera Corp. 6.875% 06-13-2029	1.09%	
Real Estate Fund (GWLRA) SF353	2,301	3,499
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Laird Business Park	5.21%	
Cash and short-term deposits	4.88%	
Livmore High Park	4.28%	
High Park Village - West Tower	3.97%	
Grenadier Square	3.39%	
Total Investments	38,688	43,343

*The issuer of this security is a related company to the issuer of the Fund.

Income Growth Fund SF632

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Generations/Mosaic	106,943	110,732	140,904	165,091	198,826	1,597	1,829	2,296	2,616	2,944
Generations I	442,266	654,480	792,638	925,390	1,087,994	6,566	10,739	12,816	14,533	15,948
Generations II	10,763	11,078	13,501	13,970	6,778	145	166	199	201	91
Generations Core	39,410	46,091	55,373	65,699	68,136	555	715	844	970	937
75/75 guarantee policy	399,427	416,090	337,962	194,645	205,930	5,499	6,314	5,040	2,811	2,769
75/100 guarantee policy	1,070,019	1,064,706	1,130,947	969,068	953,142	14,486	15,931	16,674	13,878	12,740
100/100 guarantee policy	92,268	90,709	96,806	71,973	73,217	1,215	1,324	1,396	1,011	963
PS1 75/75 guarantee policy	443,315	276,566	201,502	158,278	161,165	5,778	3,963	2,831	2,149	2,032
PS1 75/100 guarantee policy	283,028	277,962	275,091	103,116	91,217	3,642	3,938	3,825	1,387	1,140
PS1 100/100 guarantee policy	94,836	95,706	71,849	67,504	78,016	1,197	1,333	983	895	963
PS2 75/75 guarantee policy	16,774	13,501	—	—	—	276	239	—	—	—
PS2 75/100 guarantee policy	48,684	52,704	67,684	65,246	372,498	802	933	1,149	1,047	5,431
PS2 100/100 guarantee policy	—	—	—	—	5,396	—	—	—	—	79
PS 75/75 guarantee policy	5,322	5,949	43,675	39,263	—	56	68	486	419	—
PS 75/100 guarantee policy	98,470	63,430	63,976	40,062	—	1,022	720	707	425	—
PPS 75/100 guarantee policy	47,951	76,566	72,884	19,871	—	507	881	814	212	—
PPS 100/100 guarantee policy	—	—	—	43,168	—	—	—	—	460	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
Generations/Mosaic	14.93	16.52	16.29	15.84	14.81	(1.59)	0.23
Generations I	14.85	16.41	16.17	15.70	14.66	(1.56)	0.24
Generations II	13.47	14.93	14.75	14.37	13.45	(1.46)	0.18
Generations Core	14.08	15.51	15.24	14.77	13.74	(1.43)	0.27
75/75 guarantee policy	13.77	15.18	14.91	14.44	13.45	(1.41)	0.27
75/100 guarantee policy	13.54	14.96	14.74	14.32	13.37	(1.42)	0.22
100/100 guarantee policy	13.17	14.60	14.42	14.05	13.15	(1.43)	0.18
PS1 75/75 guarantee policy	13.03	14.33	14.05	13.58	12.61	(1.30)	0.28
PS1 75/100 guarantee policy	12.87	14.17	13.90	13.45	12.50	(1.30)	0.27
PS1 100/100 guarantee policy	12.63	13.92	13.69	13.26	12.35	(1.29)	0.23
PS2 75/75 guarantee policy	16.46	17.70	—	—	—	(1.24)	0.73
PS2 75/100 guarantee policy	16.46	17.71	16.98	16.05	14.58	(1.25)	0.73
PS2 100/100 guarantee policy	—	—	—	—	14.59	—	—
PS 75/75 guarantee policy	10.51	11.45	11.13	10.66	—	(0.94)	0.32
PS 75/100 guarantee policy	10.38	11.34	11.06	10.62	—	(0.96)	0.28
PPS 75/100 guarantee policy	10.57	11.51	11.17	10.68	—	(0.94)	0.34
PPS 100/100 guarantee policy	—	—	—	10.66	—	—	—

Income Growth Fund SF632

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Income Growth Fund SF632 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Income Growth Fund SF632

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Income Growth Fund SF632

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Income Growth Fund SF632

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Income Growth Fund SF632

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Income Growth Fund SF632

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) **Amounts Due to/from Broker**

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

i) **Amounts Due to/from Outside Parties**

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) **Other Expenses**

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) **Income Allocation**

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) **Issue and Redemption of Units**

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Income Growth Fund SF632

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Income Growth Fund SF632

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Income Growth Fund SF632

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Income Growth Fund SF632

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2022.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Income Growth Fund SF632

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification. All Investment Fund Units held by the Fund are classified as Level 2. The Fund's investment in the real estate fund: "Real Estate Fund (GWLRA) SF353", was classified as Level 3 due to transaction restrictions at December 31, 2020.

The following table presents additional information about the Fund's assets measured at fair value on a recurring basis and classified as Level 3:

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ —	\$ 3,838
Total gain (loss) included in net assets from operations attributable to contractholders	—	71
Purchases	—	—
Sales	—	—
Settlements	—	—
Transfers into Level 3	—	—
Transfers out of Level 3	—	(3,909)
Balance, end of year	\$ —	\$ —
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	\$ —	\$ —

On January 11, 2021, Canada Life lifted the temporary suspension on contributions to and transfers into its Canadian real estate investment funds, and on April 19, 2021, the temporary suspension on redemptions and transfers out was fully lifted, as confidence over the valuation of the underlying properties returned as a result of increased market activity. As a result of the lifting of these temporary suspensions, the Fund's investment in the real estate fund with a fair value of \$3,909 was transferred on April 19, 2021 from Level 3 to Level 2.

Income Growth Fund SF632

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
Generations/Mosaic	2.84	2.84	2.84	2.83	2.84
Generations I	2.74	2.73	2.73	2.72	2.79
Generations II	3.00	3.01	3.00	3.00	3.01
Generations Core	2.45	2.46	2.45	2.45	2.64
75/75 guarantee policy	2.45	2.45	2.45	2.45	2.63
75/100 guarantee policy	2.73	2.73	2.73	2.72	2.79
100/100 guarantee policy	3.00	3.00	3.00	3.00	3.01
PS1 75/75 guarantee policy	2.20	2.21	2.21	2.20	2.21
PS1 75/100 guarantee policy	2.32	2.33	2.31	2.32	2.33
PS1 100/100 guarantee policy	2.49	2.49	2.48	2.48	2.49
PS 75/75 guarantee policy	1.35	1.36	1.35	1.33	—
PS 75/100 guarantee policy	1.62	1.63	1.62	1.60	—
PPS 75/100 guarantee policy	1.23	1.22	1.21	1.19	—
PPS 100/100 guarantee policy	—	—	—	1.37	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	14.76	15.49	13.82	12.61	4.69

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
INCOME GROWTH PLUS FUND SF633

December 31, 2022

Independent Auditor's Report

To the Contractholders of Income Growth Plus Fund SF633 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Income Growth Plus Fund SF633

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	53,795	60,283
Total investments	53,795	60,283
Total assets	\$ 53,795	\$ 60,283
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 53,795	\$ 60,283

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (3,673)	\$ 4,164
Miscellaneous income (loss)	—	—
Total income (loss)	(3,673)	4,164
Expenses		
Management fees (note 8)	1,357	1,427
Other	138	147
Total expenses	1,495	1,574
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (5,168)	\$ 2,590

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 60,283	\$ 56,890
Contractholder deposits	6,285	8,434
Contractholder withdrawals	(7,605)	(7,631)
Increase (decrease) in net assets from operations attributable to contractholders	(5,168)	2,590
Change in net assets attributable to contractholders	(6,488)	3,393
Net assets attributable to contractholders - end of year	\$ 53,795	\$ 60,283

Income Growth Plus Fund SF633

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (5,168)	\$ 2,590
Adjustments		
Realized (gains) losses	(2,241)	(3,538)
Unrealized (gains) losses	5,914	(626)
Gross proceeds of disposition of investments	10,119	13,811
Gross payments for the purchase of investments	(7,304)	(13,040)
	<u>1,320</u>	<u>(803)</u>
Financing Activities		
Contractholder deposits	6,285	8,434
Contractholder withdrawals	(7,605)	(7,631)
	<u>(1,320)</u>	<u>803</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Income Growth Plus Fund SF633

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
American Growth Fund (AGF) SF247	1,042	1,617
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Marathon Petroleum Corp.	6.37%	
Cheniere Energy Inc.	4.79%	
The AES Corp.	4.76%	
T-Mobile US Inc.	4.51%	
Amazon.com Inc.	4.39%	
Canadian Equity Value Fund S-347C	1,532	2,158
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.04%	
The Toronto-Dominion Bank	6.46%	
Canadian Natural Resources Ltd.	4.17%	
Mackenzie US Large Cap Index ETF *	4.14%	
Canadian National Railway Co.	3.88%	
Core Bond Fund (PIM) SF531	4,291	4,287
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 1.50% 12-01-2031	7.41%	
Government of Canada 2.00% 06-01-2032	6.76%	
Province of Ontario 3.75% 12-02-2053	5.29%	
Canada Housing Trust No. 1 Floating Rate 09-15-2026	4.57%	
National Bank of Canada 2.545% 07-12-2024	2.89%	
Dividend Fund S-189LL	3,248	4,859
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	6.12%	
The Toronto-Dominion Bank	5.94%	
Enbridge Inc.	4.21%	
Canadian National Railway Co.	3.50%	
The Bank of Nova Scotia	3.46%	
Enhanced Dividend Fund (Laketon) SF039	1,265	1,832
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	8.59%	
The Toronto-Dominion Bank	7.82%	
Bank of Montreal	6.50%	
The Bank of Nova Scotia	5.50%	
BCE Inc.	4.96%	

*The issuer of this security is a related company to the issuer of the Fund.

Income Growth Plus Fund SF633

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Fixed Income Fund (Laketon) SF019	11,985	12,329
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 1.50% 12-01-2031	8.00%	
Province of Ontario 3.75% 12-02-2053	4.68%	
Government of Canada 2.75% 08-01-2024	3.63%	
Government of Canada 2.00% 06-01-2032	3.34%	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	2.70%	
Global Equity Fund (Trimark) SF051	4,168	5,193
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Canadian Dollar Cash Management Fund Series I	6.24%	
Visa Inc. Class A	5.57%	
British American Tobacco PLC	5.38%	
Microsoft Corp.	4.59%	
SAP SE	4.34%	
Global Infrastructure Equity Fund (London Capital) SF515	3,638	4,839
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
NextEra Energy Inc.	5.85%	
American Electric Power Co. Inc.	5.19%	
Transurban Group Stapled Security	3.75%	
Enbridge Inc.	3.22%	
Iberdrola SA	3.10%	
Global Unconstrained Fund (Mackenzie) SF530	1,976	2,146
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	5.60%	
Mackenzie Canadian All Corporate Bond Index ETF *	4.34%	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	4.10%	
Mackenzie Canadian Short Term Bond Index ETF *	3.50%	
Government of Canada 1.75% 12-01-2053	2.74%	
Government Bond Fund S-167G	1,530	1,611
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Canada Housing Trust No. 1 Floating Rate 03-15-2026	28.95%	
Government of Canada 1.25% 03-01-2027	7.68%	
Canada Housing Trust No. 1 1.95% 12-15-2025	7.34%	
Government of Canada 2.75% 08-01-2024	6.56%	
Canada Housing Trust No. 1 2.90% 06-15-2024	6.33%	

*The issuer of this security is a related company to the issuer of the Fund.

Income Growth Plus Fund SF633

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
International Bond Fund (Brandywine) SF358	3,033	3,222
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
United States Treasury Strip Principal 0.00% 02-15-2052	9.07%	
International Bank for Reconstruction and Development 0.25% 11-24-2023	6.50%	
South Korea Treasury 2.00% 06-10-2031	5.61%	
Federal Republic of Germany 1.70% 08-15-2032	5.60%	
United Kingdom Treasury 0.125% 01-31-2023	5.14%	
International Bond Fund (Laketon) SF036	1,648	1,613
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
United States Treasury 1.75% 05-15-2023	4.87%	
Buoni del Tesoro Poliennali 1.25% 12-01-2026	3.49%	
Buoni del Tesoro Poliennali 0.35% 02-01-2025	2.92%	
Government of Japan 0.40% 03-20-2025	2.75%	
Zurich Finance (Ireland) Designated Activity Co. 3.00% 04-19-2031	2.26%	
Long Term Bond Fund (PIM) SF818	1,745	1,601
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 1.75% 12-01-2053	4.84%	
Government of Canada 2.00% 12-01-2051	2.95%	
Province of Ontario 3.45% 06-02-2045	2.79%	
Province of Ontario 3.50% 06-02-2043	2.76%	
Province of Quebec 3.10% 12-01-2051	2.63%	
Pathways International Equity Fund (Setanta) SF547	1,693	1,637
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Diageo PLC	4.62%	
Bank of Ireland Group PLC	4.43%	
EssilorLuxottica SA	4.42%	
Groupe Bruxelles Lambert SA *	4.39%	
Thai Beverage PCL	4.26%	
Real Estate Fund (GWLRA) SF353	3,165	4,851
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Laird Business Park	5.21%	
Cash and short-term deposits	4.88%	
Livmore High Park	4.28%	
High Park Village - West Tower	3.97%	
Grenadier Square	3.39%	
Total Investments	45,959	53,795

*The issuer of this security is a related company to the issuer of the Fund.

Income Growth Plus Fund SF633

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Generations/Mosaic	170,196	197,109	216,657	211,556	231,877	2,812	3,574	3,764	3,546	3,582
Generations I	298,982	395,002	468,868	585,371	712,850	4,909	7,112	8,079	9,719	10,896
Generations II	4,775	4,815	4,897	5,734	5,703	71	79	77	87	80
Generations Core	43,460	45,388	61,918	58,713	65,848	673	768	1,000	911	938
75/75 guarantee policy	301,153	324,749	345,481	360,599	273,956	4,774	5,630	5,716	5,734	3,999
75/100 guarantee policy	1,922,205	1,888,881	1,754,894	1,722,247	1,588,789	29,980	32,304	28,723	27,163	23,069
100/100 guarantee policy	76,049	78,167	75,429	67,352	64,827	1,156	1,305	1,208	1,042	925
PS1 75/75 guarantee policy	110,663	101,484	105,882	101,073	95,047	1,643	1,644	1,633	1,494	1,287
PS1 75/100 guarantee policy	448,817	432,704	342,213	231,938	184,020	6,589	6,938	5,230	3,402	2,475
PS1 100/100 guarantee policy	3,152	3,155	1,710	1,714	252	45	50	26	25	3
PS2 75/75 guarantee policy	7,904	11,631	18,505	10,534	10,771	150	236	349	186	170
PS2 75/100 guarantee policy	11,174	13,309	37,831	27,145	27,817	212	269	712	479	439
PS2 100/100 guarantee policy	2,663	3,848	5,149	5,777	16,097	51	78	97	102	255
PS 75/75 guarantee policy	689	693	696	—	—	8	8	8	—	—
PS 75/100 guarantee policy	63,828	24,408	24,058	11,440	—	693	287	268	122	—
PPS 75/100 guarantee policy	2,611	89	—	831	—	29	1	—	9	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
Generations/Mosaic	16.52	18.13	17.37	16.76	15.45	(1.61)	0.76
Generations I	16.42	18.00	17.23	16.60	15.29	(1.58)	0.77
Generations II	14.89	16.37	15.70	15.16	13.99	(1.48)	0.67
Generations Core	15.48	16.92	16.15	15.52	14.25	(1.44)	0.77
75/75 guarantee policy	15.85	17.34	16.55	15.90	14.60	(1.49)	0.79
75/100 guarantee policy	15.60	17.10	16.37	15.77	14.52	(1.50)	0.73
100/100 guarantee policy	15.19	16.70	16.02	15.47	14.27	(1.51)	0.68
PS1 75/75 guarantee policy	14.85	16.20	15.42	14.78	13.54	(1.35)	0.78
PS1 75/100 guarantee policy	14.68	16.03	15.28	14.67	13.45	(1.35)	0.75
PS1 100/100 guarantee policy	14.43	15.78	15.07	14.48	13.30	(1.35)	0.71
PS2 75/75 guarantee policy	19.01	20.26	18.85	17.66	15.80	(1.25)	1.41
PS2 75/100 guarantee policy	19.00	20.25	18.84	17.65	15.79	(1.25)	1.41
PS2 100/100 guarantee policy	19.03	20.28	18.86	17.67	15.81	(1.25)	1.42
PS 75/75 guarantee policy	11.00	11.89	11.23	—	—	(0.89)	0.66
PS 75/100 guarantee policy	10.86	11.78	11.15	10.63	—	(0.92)	0.63
PPS 75/100 guarantee policy	11.09	11.96	—	10.69	—	(0.87)	0.70

Income Growth Plus Fund SF633

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Income Growth Plus Fund SF633 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Income Growth Plus Fund SF633

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Income Growth Plus Fund SF633

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Income Growth Plus Fund SF633

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Income Growth Plus Fund SF633

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Income Growth Plus Fund SF633

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Income Growth Plus Fund SF633

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Income Growth Plus Fund SF633

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year..

Income Growth Plus Fund SF633

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Income Growth Plus Fund SF633

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2022.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Income Growth Plus Fund SF633

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification. All Investment Fund Units held by the Fund are classified as Level 2. The Fund's investment in the real estate fund: "Real Estate Fund (GWLRA) SF353", was classified as Level 3 due to transaction restrictions at December 31, 2020.

The following table presents additional information about the Fund's assets measured at fair value on a recurring basis and classified as Level 3:

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ —	\$ 4,570
Total gain (loss) included in net assets from operations attributable to contractholders	—	85
Purchases	—	—
Sales	—	—
Settlements	—	—
Transfers into Level 3	—	—
Transfers out of Level 3	—	(4,655)
Balance, end of year	\$ —	\$ —
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	\$ —	\$ —

On January 11, 2021, Canada Life lifted the temporary suspension on contributions to and transfers into its Canadian real estate investment funds, and on April 19, 2021, the temporary suspension on redemptions and transfers out was fully lifted, as confidence over the valuation of the underlying properties returned as a result of increased market activity. As a result of the lifting of these temporary suspensions, the Fund's investment in the real estate fund with a fair value of \$4,655 was transferred on April 19, 2021 from Level 3 to Level 2.

Income Growth Plus Fund SF633

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
Generations/Mosaic	2.95	2.95	2.95	2.94	2.96
Generations I	2.84	2.84	2.84	2.83	2.88
Generations II	3.06	3.06	3.06	3.05	3.08
Generations Core	2.56	2.57	2.56	2.56	2.72
75/75 guarantee policy	2.56	2.57	2.56	2.56	2.72
75/100 guarantee policy	2.84	2.84	2.84	2.83	2.87
100/100 guarantee policy	3.06	3.06	3.06	3.05	3.07
PS1 75/75 guarantee policy	2.32	2.33	2.32	2.31	2.33
PS1 75/100 guarantee policy	2.43	2.43	2.43	2.42	2.43
PS1 100/100 guarantee policy	2.60	2.60	2.59	2.58	2.59
PS 75/75 guarantee policy	1.45	1.47	1.46	—	—
PS 75/100 guarantee policy	1.72	1.74	1.73	1.72	—
PPS 75/100 guarantee policy	1.34	1.34	—	1.34	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	13.17	22.60	20.73	16.18	12.19

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
BALANCED INCOME FUND (CI) SF800

December 31, 2022

Independent Auditor's Report

To the Contractholders of Balanced Income Fund (CI) SF800 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Balanced Income Fund (CI) SF800

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	25,731	34,559
Total investments	25,731	34,559
Total assets	\$ 25,731	\$ 34,559
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 25,731	\$ 34,559

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (3,509)	\$ 4,160
Miscellaneous income (loss)	—	—
Total income (loss)	(3,509)	4,160
Expenses		
Management fees (note 8)	757	929
Other	75	89
Total expenses	832	1,018
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (4,341)	\$ 3,142

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 34,559	\$ 35,337
Contractholder deposits	82	292
Contractholder withdrawals	(4,569)	(4,212)
Increase (decrease) in net assets from operations attributable to contractholders	(4,341)	3,142
Change in net assets attributable to contractholders	(8,828)	(778)
Net assets attributable to contractholders - end of year	\$ 25,731	\$ 34,559

Balanced Income Fund (CI) SF800

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (4,341)	\$ 3,142
Adjustments		
Realized (gains) losses	(12,549)	(2,740)
Unrealized (gains) losses	16,058	(1,420)
Gross proceeds of disposition of investments	34,900	5,226
Gross payments for the purchase of investments	(29,581)	(288)
	<u>4,487</u>	<u>3,920</u>
Financing Activities		
Contractholder deposits	82	292
Contractholder withdrawals	(4,569)	(4,212)
	<u>(4,487)</u>	<u>(3,920)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Balanced Income Fund (CI) SF800

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Canadian Aggregate Bond ETF Fund 1.44GLC	11,840	11,616
<i>Top Holdings:</i>	<i>% of Total</i>	
Mackenzie Canadian Aggregate Bond Index ETF *	100.00%	
Canadian Large Cap Equity Index ETF Fund 1.83MI	8,827	8,442
<i>Top Holdings:</i>	<i>% of Total</i>	
Mackenzie Canadian Large Cap Equity Index ETF *	100.00%	
International Equity Index ETF Fund 1.82MI	2,111	2,151
<i>Top Holdings:</i>	<i>% of Total</i>	
Mackenzie International Equity Index ETF *	100.00%	
US Large Cap Equity Index ETF Fund 1.84MI	3,558	3,522
<i>Top Holdings:</i>	<i>% of Total</i>	
Mackenzie US Large Cap Index ETF *	100.00%	
Total Investments	26,336	25,731

*The issuer of this security is a related company to the issuer of the Fund.

Balanced Income Fund (CI) SF800

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	236,538	255,778	281,711	313,159	349,177	3,961	4,918	4,947	5,077	4,981
75/100 guarantee policy	1,164,867	1,340,721	1,509,696	1,673,702	1,915,405	19,400	25,655	26,397	27,030	27,236
100/100 guarantee policy	59,697	60,185	57,663	63,038	66,977	973	1,129	990	1,001	938
PS1 75/75 guarantee policy	21,353	63,110	81,899	104,846	99,585	355	1,197	1,410	1,657	1,377
PS1 75/100 guarantee policy	59,522	81,857	84,953	148,458	187,424	983	1,544	1,456	2,336	2,582
PS1 100/100 guarantee policy	1,830	3,860	5,158	5,564	73,214	30	72	87	86	998
PS2 75/100 guarantee policy	1,362	1,860	2,364	2,955	3,602	29	44	50	56	58

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	16.75	19.23	17.56	16.21	14.27	(2.48)	1.67
75/100 guarantee policy	16.65	19.13	17.48	16.15	14.22	(2.48)	1.65
100/100 guarantee policy	16.30	18.76	17.17	15.88	14.00	(2.46)	1.59
PS1 75/75 guarantee policy	16.61	18.97	17.22	15.81	13.83	(2.36)	1.75
PS1 75/100 guarantee policy	16.51	18.86	17.14	15.74	13.78	(2.35)	1.72
PS1 100/100 guarantee policy	16.23	18.57	16.90	15.54	13.63	(2.34)	1.67
PS2 75/100 guarantee policy	21.32	23.79	21.10	18.91	16.16	(2.47)	2.69

Balanced Income Fund (CI) SF800

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Balanced Income Fund (CI) SF800 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Balanced Income Fund (CI) SF800

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Balanced Income Fund (CI) SF800

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Balanced Income Fund (CI) SF800

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Balanced Income Fund (CI) SF800

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Balanced Income Fund (CI) SF800

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Balanced Income Fund (CI) SF800

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Balanced Income Fund (CI) SF800

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year..

Balanced Income Fund (CI) SF800

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Balanced Income Fund (CI) SF800

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2022.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Balanced Income Fund (CI) SF800

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Balanced Income Fund (CI) SF800

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.88	2.93	2.93	2.94	2.94
75/100 guarantee policy	2.93	2.99	2.99	2.99	3.00
100/100 guarantee policy	3.08	3.14	3.14	3.15	3.15
PS1 75/75 guarantee policy	2.32	2.36	2.36	2.36	2.36
PS1 75/100 guarantee policy	2.36	2.41	2.41	2.41	2.42
PS1 100/100 guarantee policy	2.54	2.58	2.57	2.58	2.58

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	101.77	0.82	8.64	3.33	3.00

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
CORE BALANCED FUND SF801

December 31, 2022

Independent Auditor's Report

To the Contractholders of Core Balanced Fund SF801 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Core Balanced Fund SF801

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	64,761	60,002
Total investments	64,761	60,002
Total assets	\$ 64,761	\$ 60,002
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 64,761	\$ 60,002

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (4,644)	\$ 6,734
Miscellaneous income (loss)	—	—
Total income (loss)	(4,644)	6,734
Expenses		
Management fees (note 8)	1,452	1,282
Other	139	118
Total expenses	1,591	1,400
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (6,235)	\$ 5,334

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 60,002	\$ 47,521
Contractholder deposits	16,258	11,308
Contractholder withdrawals	(5,264)	(4,161)
Increase (decrease) in net assets from operations attributable to contractholders	(6,235)	5,334
Change in net assets attributable to contractholders	4,759	12,481
Net assets attributable to contractholders - end of year	\$ 64,761	\$ 60,002

Core Balanced Fund SF801

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (6,235)	\$ 5,334
Adjustments		
Realized (gains) losses	(1,210)	(1,381)
Unrealized (gains) losses	5,854	(5,353)
Gross proceeds of disposition of investments	4,979	3,591
Gross payments for the purchase of investments	(14,382)	(9,338)
	<u>(10,994)</u>	<u>(7,147)</u>
Financing Activities		
Contractholder deposits	16,258	11,308
Contractholder withdrawals	(5,264)	(4,161)
	<u>10,994</u>	<u>7,147</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Core Balanced Fund SF801

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Canadian Equity Fund (Laketon) SF009	3,905	5,802
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	8.37%	
The Toronto-Dominion Bank	6.41%	
Canadian Pacific Railway Ltd.	6.20%	
Bank of Montreal	4.50%	
Canadian Natural Resources Ltd.	4.47%	
Canadian Large Cap Equity Index Fund (GWLIM) SF503	3,878	5,781
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.65%	
The Toronto-Dominion Bank	6.86%	
Enbridge Inc.	4.66%	
Canadian National Railway Co.	4.27%	
Canadian Pacific Railway Ltd.	4.08%	
Dividend Fund S-189LL	7,580	11,629
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	6.12%	
The Toronto-Dominion Bank	5.94%	
Enbridge Inc.	4.21%	
Canadian National Railway Co.	3.50%	
The Bank of Nova Scotia	3.46%	
Fixed Income Fund (Laketon) SF019	25,717	25,989
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 1.50% 12-01-2031	8.00%	
Province of Ontario 3.75% 12-02-2053	4.68%	
Government of Canada 2.75% 08-01-2024	3.63%	
Government of Canada 2.00% 06-01-2032	3.34%	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	2.70%	
Global Equity Fund SF034	2,529	3,902
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Microsoft Corp.	4.17%	
Berkshire Hathaway Inc. Class B	3.83%	
Oracle Corp.	3.14%	
McDonald's Corp.	2.71%	
Johnson & Johnson Inc.	2.68%	

*The issuer of this security is a related company to the issuer of the Fund.

Core Balanced Fund SF801

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
International Equity Fund (P) SF529	3,290	3,924
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
AstraZeneca PLC	3.83%	
Mitsubishi UFJ Financial Group Inc.	3.64%	
LVMH Moet Hennessy Louis Vuitton SE	2.97%	
Merck KGaA	2.91%	
Mitsubishi Corp.	2.85%	
U.S. Equity Fund (GWLIM) SF517	1,286	1,935
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Aon Corp.	5.93%	
Danaher Corp.	5.20%	
Thermo Fisher Scientific Inc.	4.71%	
Roper Technologies Inc.	4.58%	
Keysight Technologies Inc.	4.44%	
U.S. Equity Index Fund (GWLIM) SF512	2,363	3,851
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Apple Inc.	6.00%	
Microsoft Corp.	5.48%	
Amazon.com Inc.	2.29%	
Berkshire Hathaway Inc. Class B	1.71%	
Alphabet Inc. Class A	1.63%	
U.S. Value Fund S-178LL	1,313	1,948
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Microsoft Corp.	4.25%	
JPMorgan Chase & Co.	3.27%	
Amazon.com Inc.	2.67%	
Meta Platforms Inc.	2.57%	
Bank of America Corp.	2.27%	
Total Investments	51,861	64,761

Core Balanced Fund SF801

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	544,379	461,125	387,733	389,278	367,977	9,576	9,019	6,864	6,562	5,548
75/100 guarantee policy	2,030,164	1,977,694	1,904,743	1,886,327	1,924,677	35,425	38,388	33,485	31,593	28,845
100/100 guarantee policy	68,204	60,094	44,964	43,054	73,255	1,166	1,145	777	710	1,082
PS1 75/75 guarantee policy	174,601	133,578	57,482	30,729	31,612	2,960	2,503	969	490	449
PS1 75/100 guarantee policy	678,581	386,031	236,451	151,411	175,132	11,441	7,197	3,969	2,408	2,477
PS1 100/100 guarantee policy	89,953	25,634	24,241	18,326	18,381	1,490	470	401	288	257
PS2 75/75 guarantee policy	—	—	—	—	64	—	—	—	—	1
PS2 75/100 guarantee policy	37,669	35,058	35,995	24,353	23,243	801	806	729	457	380
PS 75/75 guarantee policy	15,223	10,079	9,612	—	—	174	127	108	—	—
PS 75/100 guarantee policy	45,005	6,921	2,749	—	—	514	87	31	—	—
PPS 75/75 guarantee policy	30,956	225	—	—	—	365	3	—	—	—
PPS 75/100 guarantee policy	26,631	20,014	16,422	—	—	313	257	188	—	—
PPS 100/100 guarantee policy	46,043	—	—	—	—	536	—	—	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	17.59	19.56	17.70	16.86	15.08	(1.97)	1.86
75/100 guarantee policy	17.45	19.41	17.58	16.75	14.99	(1.96)	1.83
100/100 guarantee policy	17.09	19.04	17.27	16.48	14.77	(1.95)	1.77
PS1 75/75 guarantee policy	16.95	18.74	16.86	15.96	14.19	(1.79)	1.88
PS1 75/100 guarantee policy	16.86	18.64	16.79	15.90	14.15	(1.78)	1.85
PS1 100/100 guarantee policy	16.57	18.35	16.55	15.70	13.99	(1.78)	1.80
PS2 75/75 guarantee policy	—	—	—	—	16.37	—	—
PS2 75/100 guarantee policy	21.26	23.00	20.26	18.78	16.35	(1.74)	2.74
PS 75/75 guarantee policy	11.46	12.60	11.28	—	—	(1.14)	1.32
PS 75/100 guarantee policy	11.43	12.57	11.26	—	—	(1.14)	1.31
PPS 75/75 guarantee policy	11.78	12.86	—	—	—	(1.08)	1.42
PPS 75/100 guarantee policy	11.73	12.83	11.43	—	—	(1.10)	1.40
PPS 100/100 guarantee policy	11.65	—	—	—	—	(1.11)	—

Core Balanced Fund SF801

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Core Balanced Fund SF801 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Core Balanced Fund SF801

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Core Balanced Fund SF801

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Core Balanced Fund SF801

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Core Balanced Fund SF801

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Core Balanced Fund SF801

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Core Balanced Fund SF801

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Core Balanced Fund SF801

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Core Balanced Fund SF801

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Core Balanced Fund SF801

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2022.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Core Balanced Fund SF801

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Core Balanced Fund SF801

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.72	2.71	2.71	2.72	2.73
75/100 guarantee policy	2.77	2.77	2.77	2.77	2.78
100/100 guarantee policy	2.92	2.92	2.92	2.92	2.93
PS1 75/75 guarantee policy	2.13	2.12	2.12	2.13	2.14
PS1 75/100 guarantee policy	2.18	2.18	2.18	2.19	2.20
PS1 100/100 guarantee policy	2.36	2.35	2.34	2.35	2.36
PS 75/75 guarantee policy	1.62	1.62	1.61	—	—
PS 75/100 guarantee policy	1.68	1.67	1.66	—	—
PPS 75/75 guarantee policy	1.04	1.03	—	—	—
PPS 75/100 guarantee policy	1.09	1.09	1.09	—	—
PPS 100/100 guarantee policy	1.24	—	—	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	7.92	6.78	20.39	10.28	6.72

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
CORE BALANCED GROWTH PLUS FUND SF802

December 31, 2022

Independent Auditor's Report

To the Contractholders of Core Balanced Growth Plus Fund SF802 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Core Balanced Growth Plus Fund SF802

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	108,896	111,319
Total investments	108,896	111,319
Total assets	\$ 108,896	\$ 111,319
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 108,896	\$ 111,319

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (7,950)	\$ 14,542
Miscellaneous income (loss)	—	—
Total income (loss)	(7,950)	14,542
Expenses		
Management fees (note 8)	2,711	2,455
Other	301	267
Total expenses	3,012	2,722
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (10,962)	\$ 11,820

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 111,319	\$ 85,371
Contractholder deposits	17,782	22,003
Contractholder withdrawals	(9,243)	(7,875)
Increase (decrease) in net assets from operations attributable to contractholders	(10,962)	11,820
Change in net assets attributable to contractholders	(2,423)	25,948
Net assets attributable to contractholders - end of year	\$ 108,896	\$ 111,319

Core Balanced Growth Plus Fund SF802

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (10,962)	\$ 11,820
Adjustments		
Realized (gains) losses	(2,652)	(2,626)
Unrealized (gains) losses	10,602	(11,916)
Gross proceeds of disposition of investments	9,561	6,661
Gross payments for the purchase of investments	(15,088)	(18,067)
	<u>(8,539)</u>	<u>(14,128)</u>
Financing Activities		
Contractholder deposits	17,782	22,003
Contractholder withdrawals	(9,243)	(7,875)
	<u>8,539</u>	<u>14,128</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Core Balanced Growth Plus Fund SF802

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Canadian Equity Fund (Laketon) SF009	7,325	11,440
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	8.37%	
The Toronto-Dominion Bank	6.41%	
Canadian Pacific Railway Ltd.	6.20%	
Bank of Montreal	4.50%	
Canadian Natural Resources Ltd.	4.47%	
Canadian Large Cap Equity Index Fund (GWLIM) SF503	7,333	11,427
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.65%	
The Toronto-Dominion Bank	6.86%	
Enbridge Inc.	4.66%	
Canadian National Railway Co.	4.27%	
Canadian Pacific Railway Ltd.	4.08%	
Dividend Fund S-189LL	14,280	22,917
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	6.12%	
The Toronto-Dominion Bank	5.94%	
Enbridge Inc.	4.21%	
Canadian National Railway Co.	3.50%	
The Bank of Nova Scotia	3.46%	
Fixed Income Fund (Laketon) SF019	32,228	32,607
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 1.50% 12-01-2031	8.00%	
Province of Ontario 3.75% 12-02-2053	4.68%	
Government of Canada 2.75% 08-01-2024	3.63%	
Government of Canada 2.00% 06-01-2032	3.34%	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	2.70%	
Global Equity Fund SF034	4,724	7,641
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Microsoft Corp.	4.17%	
Berkshire Hathaway Inc. Class B	3.83%	
Oracle Corp.	3.14%	
McDonald's Corp.	2.71%	
Johnson & Johnson Inc.	2.68%	

*The issuer of this security is a related company to the issuer of the Fund.

Core Balanced Growth Plus Fund SF802

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
International Equity Fund (P) SF529	6,299	7,649
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
AstraZeneca PLC	3.83%	
Mitsubishi UFJ Financial Group Inc.	3.64%	
LVMH Moet Hennessy Louis Vuitton SE	2.97%	
Merck KGaA	2.91%	
Mitsubishi Corp.	2.85%	
U.S. Equity Fund (GWLIM) SF517	2,350	3,803
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Aon Corp.	5.93%	
Danaher Corp.	5.20%	
Thermo Fisher Scientific Inc.	4.71%	
Roper Technologies Inc.	4.58%	
Keysight Technologies Inc.	4.44%	
U.S. Equity Index Fund (GWLIM) SF512	4,252	7,586
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Apple Inc.	6.00%	
Microsoft Corp.	5.48%	
Amazon.com Inc.	2.29%	
Berkshire Hathaway Inc. Class B	1.71%	
Alphabet Inc. Class A	1.63%	
U.S. Value Fund S-178LL	2,491	3,826
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Microsoft Corp.	4.25%	
JPMorgan Chase & Co.	3.27%	
Amazon.com Inc.	2.67%	
Meta Platforms Inc.	2.57%	
Bank of America Corp.	2.27%	
Total Investments	81,282	108,896

Core Balanced Growth Plus Fund SF802

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	692,811	652,274	580,540	539,871	545,416	12,968	13,510	10,635	9,486	8,484
75/100 guarantee policy	3,420,875	3,405,042	3,274,363	3,505,429	3,615,027	63,512	69,993	59,563	61,198	55,903
100/100 guarantee policy	164,178	183,425	177,915	193,801	200,083	2,999	3,715	3,194	3,344	3,063
PS1 75/75 guarantee policy	182,979	153,109	54,860	102,577	70,926	3,324	3,059	964	1,719	1,046
PS1 75/100 guarantee policy	1,146,679	835,611	440,515	399,889	376,324	20,733	16,629	7,712	6,679	5,535
PS1 100/100 guarantee policy	225,480	151,352	156,870	135,220	136,030	4,031	2,983	2,724	2,244	1,991
PS2 75/75 guarantee policy	4,679	10,664	13,874	9,699	13,332	108	265	296	193	228
PS2 75/100 guarantee policy	8,810	4,695	1,447	5,491	2,865	204	117	31	109	49
PS 75/75 guarantee policy	14,500	14,917	10,259	—	—	169	191	115	—	—
PS 75/100 guarantee policy	66,145	53,429	8,471	—	—	771	682	95	—	—
PPS 75/75 guarantee policy	6,400	6,901	3,695	—	—	77	90	42	—	—
PPS 75/100 guarantee policy	—	6,514	—	—	—	—	85	—	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	18.72	20.71	18.32	17.57	15.56	(1.99)	2.39
75/100 guarantee policy	18.57	20.56	18.19	17.46	15.46	(1.99)	2.37
100/100 guarantee policy	18.27	20.25	17.95	17.26	15.31	(1.98)	2.30
PS1 75/75 guarantee policy	18.17	19.98	17.57	16.75	14.74	(1.81)	2.41
PS1 75/100 guarantee policy	18.08	19.90	17.51	16.70	14.71	(1.82)	2.39
PS1 100/100 guarantee policy	17.88	19.71	17.37	16.60	14.64	(1.83)	2.34
PS2 75/75 guarantee policy	23.12	24.86	21.36	19.91	17.13	(1.74)	3.50
PS2 75/100 guarantee policy	23.12	24.86	21.36	19.91	17.13	(1.74)	3.50
PS 75/75 guarantee policy	11.69	12.80	11.19	—	—	(1.11)	1.61
PS 75/100 guarantee policy	11.66	12.77	11.18	—	—	(1.11)	1.59
PPS 75/75 guarantee policy	12.01	13.06	11.36	—	—	(1.05)	1.70
PPS 75/100 guarantee policy	—	13.04	—	—	—	—	1.69

Core Balanced Growth Plus Fund SF802

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Core Balanced Growth Plus Fund SF802 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Core Balanced Growth Plus Fund SF802

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Core Balanced Growth Plus Fund SF802

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Core Balanced Growth Plus Fund SF802

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Core Balanced Growth Plus Fund SF802

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Core Balanced Growth Plus Fund SF802

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Core Balanced Growth Plus Fund SF802

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Core Balanced Growth Plus Fund SF802

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Core Balanced Growth Plus Fund SF802

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Core Balanced Growth Plus Fund SF802

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2022.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Core Balanced Growth Plus Fund SF802

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Core Balanced Growth Plus Fund SF802

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.87	2.86	2.86	2.87	2.88
75/100 guarantee policy	2.92	2.92	2.92	2.92	2.93
100/100 guarantee policy	3.08	3.07	3.08	3.08	3.08
PS1 75/75 guarantee policy	2.27	2.26	2.27	2.27	2.28
PS1 75/100 guarantee policy	2.32	2.32	2.32	2.33	2.34
PS1 100/100 guarantee policy	2.49	2.49	2.49	2.50	2.50
PS 75/75 guarantee policy	1.76	1.75	1.74	—	—
PS 75/100 guarantee policy	1.81	1.80	1.79	—	—
PPS 75/75 guarantee policy	1.17	1.16	1.16	—	—
PPS 75/100 guarantee policy	—	1.21	—	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	8.73	6.90	9.89	9.95	9.58

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
CORE CONSERVATIVE GROWTH FUND SF803

December 31, 2022

Independent Auditor's Report

To the Contractholders of Core Conservative Growth Fund SF803 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Core Conservative Growth Fund SF803

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	76,569	92,761
Total investments	76,569	92,761
Total assets	\$ 76,569	\$ 92,761
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 76,569	\$ 92,761

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (8,746)	\$ 4,536
Miscellaneous income (loss)	—	—
Total income (loss)	(8,746)	4,536
Expenses		
Management fees (note 8)	1,677	1,678
Other	183	176
Total expenses	1,860	1,854
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (10,606)	\$ 2,682

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 92,761	\$ 68,365
Contractholder deposits	5,729	32,289
Contractholder withdrawals	(11,315)	(10,575)
Increase (decrease) in net assets from operations attributable to contractholders	(10,606)	2,682
Change in net assets attributable to contractholders	(16,192)	24,396
Net assets attributable to contractholders - end of year	\$ 76,569	\$ 92,761

Core Conservative Growth Fund SF803

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (10,606)	\$ 2,682
Adjustments		
Realized (gains) losses	(1,499)	(1,799)
Unrealized (gains) losses	10,245	(2,737)
Gross proceeds of disposition of investments	17,742	9,877
Gross payments for the purchase of investments	(10,296)	(29,737)
	<u>5,586</u>	<u>(21,714)</u>
Financing Activities		
Contractholder deposits	5,729	32,289
Contractholder withdrawals	(11,315)	(10,575)
	<u>(5,586)</u>	<u>21,714</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Core Conservative Growth Fund SF803

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Canadian Equity Fund (Laketon) SF009	2,740	3,439
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	8.37%	
The Toronto-Dominion Bank	6.41%	
Canadian Pacific Railway Ltd.	6.20%	
Bank of Montreal	4.50%	
Canadian Natural Resources Ltd.	4.47%	
Canadian Large Cap Equity Index Fund (GWLIM) SF503	2,698	3,427
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.65%	
The Toronto-Dominion Bank	6.86%	
Enbridge Inc.	4.66%	
Canadian National Railway Co.	4.27%	
Canadian Pacific Railway Ltd.	4.08%	
Dividend Fund S-189LL	5,176	6,892
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	6.12%	
The Toronto-Dominion Bank	5.94%	
Enbridge Inc.	4.21%	
Canadian National Railway Co.	3.50%	
The Bank of Nova Scotia	3.46%	
Fixed Income Fund (Laketon) SF019	55,961	53,631
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 1.50% 12-01-2031	8.00%	
Province of Ontario 3.75% 12-02-2053	4.68%	
Government of Canada 2.75% 08-01-2024	3.63%	
Government of Canada 2.00% 06-01-2032	3.34%	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	2.70%	
Global Equity Fund SF034	1,869	2,298
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Microsoft Corp.	4.17%	
Berkshire Hathaway Inc. Class B	3.83%	
Oracle Corp.	3.14%	
McDonald's Corp.	2.71%	
Johnson & Johnson Inc.	2.68%	

*The issuer of this security is a related company to the issuer of the Fund.

Core Conservative Growth Fund SF803

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
International Equity Fund (P) SF529	2,079	2,301
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
AstraZeneca PLC	3.83%	
Mitsubishi UFJ Financial Group Inc.	3.64%	
LVMH Moet Hennessy Louis Vuitton SE	2.97%	
Merck KGaA	2.91%	
Mitsubishi Corp.	2.85%	
U.S. Equity Fund (GWLIM) SF517	938	1,143
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Aon Corp.	5.93%	
Danaher Corp.	5.20%	
Thermo Fisher Scientific Inc.	4.71%	
Roper Technologies Inc.	4.58%	
Keysight Technologies Inc.	4.44%	
U.S. Equity Index Fund (GWLIM) SF512	1,816	2,286
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Apple Inc.	6.00%	
Microsoft Corp.	5.48%	
Amazon.com Inc.	2.29%	
Berkshire Hathaway Inc. Class B	1.71%	
Alphabet Inc. Class A	1.63%	
U.S. Value Fund S-178LL	910	1,152
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Microsoft Corp.	4.25%	
JPMorgan Chase & Co.	3.27%	
Amazon.com Inc.	2.67%	
Meta Platforms Inc.	2.57%	
Bank of America Corp.	2.27%	
Total Investments	74,187	76,569

Core Conservative Growth Fund SF803

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	1,498,203	1,749,190	1,458,313	1,132,466	868,223	20,976	27,672	22,436	16,429	11,629
75/100 guarantee policy	2,062,109	2,262,611	1,846,758	1,099,983	1,020,801	28,631	35,518	28,208	15,852	13,589
100/100 guarantee policy	105,107	125,479	95,547	73,261	82,405	1,432	1,935	1,436	1,040	1,082
PS1 75/75 guarantee policy	590,255	493,367	260,383	24,658	17,161	7,771	7,306	3,733	332	212
PS1 75/100 guarantee policy	894,151	927,415	519,521	273,227	154,954	11,708	13,668	7,417	3,664	1,911
PS1 100/100 guarantee policy	88,983	78,716	88,340	90,826	15,845	1,145	1,142	1,243	1,203	193
PS2 75/75 guarantee policy	22,876	29,634	4,154	1,462	3,266	372	531	71	23	46
PS2 75/100 guarantee policy	135,680	153,536	107,783	85,403	96,246	2,209	2,757	1,837	1,340	1,361
PS2 100/100 guarantee policy	—	—	8,897	7,664	6,281	—	—	151	120	89
PS 75/75 guarantee policy	71,908	51,492	37,078	2,501	—	761	609	422	27	—
PS 75/100 guarantee policy	94,819	80,071	39,954	6,327	—	1,002	946	454	67	—
PPS 75/75 guarantee policy	4,786	6,730	71,997	2,566	2,579	52	81	828	27	25
PPS 75/100 guarantee policy	47,327	44,258	11,200	—	—	510	531	129	—	—
PPS 100/100 guarantee policy	—	5,419	—	—	—	—	65	—	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	14.00	15.82	15.38	14.51	13.39	(1.82)	0.44
75/100 guarantee policy	13.88	15.70	15.27	14.41	13.31	(1.82)	0.43
100/100 guarantee policy	13.62	15.42	15.03	14.20	13.14	(1.80)	0.39
PS1 75/75 guarantee policy	13.17	14.81	14.34	13.46	12.37	(1.64)	0.47
PS1 75/100 guarantee policy	13.09	14.74	14.28	13.41	12.33	(1.65)	0.46
PS1 100/100 guarantee policy	12.86	14.50	14.07	13.24	12.20	(1.64)	0.43
PS2 75/75 guarantee policy	16.26	17.93	17.02	15.66	14.12	(1.67)	0.91
PS2 75/100 guarantee policy	16.28	17.96	17.04	15.69	14.14	(1.68)	0.92
PS2 100/100 guarantee policy	—	—	17.00	15.65	14.11	—	—
PS 75/75 guarantee policy	10.59	11.83	11.38	10.62	—	(1.24)	0.45
PS 75/100 guarantee policy	10.56	11.81	11.37	10.61	—	(1.25)	0.44
PPS 75/75 guarantee policy	10.80	12.02	11.51	10.69	9.72	(1.22)	0.51
PPS 75/100 guarantee policy	10.78	12.00	11.49	—	—	(1.22)	0.51
PPS 100/100 guarantee policy	—	11.93	—	—	—	—	0.48

Core Conservative Growth Fund SF803

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Core Conservative Growth Fund SF803 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Core Conservative Growth Fund SF803

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Core Conservative Growth Fund SF803

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Core Conservative Growth Fund SF803

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Core Conservative Growth Fund SF803

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Core Conservative Growth Fund SF803

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Core Conservative Growth Fund SF803

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Core Conservative Growth Fund SF803

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Core Conservative Growth Fund SF803

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2022.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Core Conservative Growth Fund SF803

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Core Conservative Growth Fund SF803

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.45	2.43	2.41	2.41	2.42
75/100 guarantee policy	2.50	2.49	2.46	2.46	2.48
100/100 guarantee policy	2.65	2.63	2.61	2.61	2.62
PS1 75/75 guarantee policy	1.99	1.98	1.95	1.97	1.98
PS1 75/100 guarantee policy	2.05	2.04	2.02	2.02	2.03
PS1 100/100 guarantee policy	2.21	2.21	2.19	2.18	2.18
PS 75/75 guarantee policy	1.33	1.33	1.31	1.31	—
PS 75/100 guarantee policy	1.39	1.38	1.37	1.37	—
PPS 75/75 guarantee policy	0.89	0.88	0.87	0.87	0.87
PPS 75/100 guarantee policy	0.94	0.93	0.92	—	—
PPS 100/100 guarantee policy	—	1.10	—	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	12.37	11.98	9.91	15.09	12.58

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
CORE MODERATE FUND SF804

December 31, 2022

Independent Auditor's Report

To the Contractholders of Core Moderate Fund SF804 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Core Moderate Fund SF804

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	51,581	57,575
Total investments	51,581	57,575
Total assets	\$ 51,581	\$ 57,575
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 51,581	\$ 57,575

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (5,226)	\$ 3,639
Miscellaneous income (loss)	—	—
Total income (loss)	(5,226)	3,639
Expenses		
Management fees (note 8)	1,163	977
Other	133	106
Total expenses	1,296	1,083
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (6,522)	\$ 2,556

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 57,575	\$ 31,862
Contractholder deposits	9,909	26,629
Contractholder withdrawals	(9,381)	(3,472)
Increase (decrease) in net assets from operations attributable to contractholders	(6,522)	2,556
Change in net assets attributable to contractholders	(5,994)	25,713
Net assets attributable to contractholders - end of year	\$ 51,581	\$ 57,575

Core Moderate Fund SF804

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (6,522)	\$ 2,556
Adjustments		
Realized (gains) losses	(783)	(728)
Unrealized (gains) losses	6,009	(2,911)
Gross proceeds of disposition of investments	10,660	3,818
Gross payments for the purchase of investments	(9,892)	(25,892)
	<u>(528)</u>	<u>(23,157)</u>
Financing Activities		
Contractholder deposits	9,909	26,629
Contractholder withdrawals	(9,381)	(3,472)
	<u>528</u>	<u>23,157</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Core Moderate Fund SF804

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Canadian Equity Fund (Laketon) SF009	2,562	3,074
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	8.37%	
The Toronto-Dominion Bank	6.41%	
Canadian Pacific Railway Ltd.	6.20%	
Bank of Montreal	4.50%	
Canadian Natural Resources Ltd.	4.47%	
Canadian Large Cap Equity Index Fund (GWLIM) SF503	2,533	3,059
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.65%	
The Toronto-Dominion Bank	6.86%	
Enbridge Inc.	4.66%	
Canadian National Railway Co.	4.27%	
Canadian Pacific Railway Ltd.	4.08%	
Dividend Fund S-189LL	4,805	6,157
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	6.12%	
The Toronto-Dominion Bank	5.94%	
Enbridge Inc.	4.21%	
Canadian National Railway Co.	3.50%	
The Bank of Nova Scotia	3.46%	
Fixed Income Fund (Laketon) SF019	32,884	31,018
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 1.50% 12-01-2031	8.00%	
Province of Ontario 3.75% 12-02-2053	4.68%	
Government of Canada 2.75% 08-01-2024	3.63%	
Government of Canada 2.00% 06-01-2032	3.34%	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	2.70%	
Global Equity Fund SF034	1,749	2,075
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Microsoft Corp.	4.17%	
Berkshire Hathaway Inc. Class B	3.83%	
Oracle Corp.	3.14%	
McDonald's Corp.	2.71%	
Johnson & Johnson Inc.	2.68%	

*The issuer of this security is a related company to the issuer of the Fund.

Core Moderate Fund SF804

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
International Equity Fund (P) SF529	1,941	2,085
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
AstraZeneca PLC	3.83%	
Mitsubishi UFJ Financial Group Inc.	3.64%	
LVMH Moet Hennessy Louis Vuitton SE	2.97%	
Merck KGaA	2.91%	
Mitsubishi Corp.	2.85%	
U.S. Equity Fund (GWLIM) SF517	873	1,029
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Aon Corp.	5.93%	
Danaher Corp.	5.20%	
Thermo Fisher Scientific Inc.	4.71%	
Roper Technologies Inc.	4.58%	
Keysight Technologies Inc.	4.44%	
U.S. Equity Index Fund (GWLIM) SF512	1,719	2,049
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Apple Inc.	6.00%	
Microsoft Corp.	5.48%	
Amazon.com Inc.	2.29%	
Berkshire Hathaway Inc. Class B	1.71%	
Alphabet Inc. Class A	1.63%	
U.S. Value Fund S-178LL	838	1,035
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Microsoft Corp.	4.25%	
JPMorgan Chase & Co.	3.27%	
Amazon.com Inc.	2.67%	
Meta Platforms Inc.	2.57%	
Bank of America Corp.	2.27%	
Total Investments	49,904	51,581

Core Moderate Fund SF804

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	946,126	1,182,861	607,444	405,172	308,630	14,320	20,107	9,803	6,158	4,288
75/100 guarantee policy	937,930	934,414	798,594	622,462	574,736	14,087	15,771	12,803	9,404	7,942
100/100 guarantee policy	58,046	56,509	59,560	44,488	44,841	853	935	938	661	610
PS1 75/75 guarantee policy	598,843	456,966	162,815	75,370	85,856	8,611	7,343	2,472	1,072	1,111
PS1 75/100 guarantee policy	724,128	739,275	373,107	223,329	155,372	10,355	11,821	5,639	3,165	2,004
PS1 100/100 guarantee policy	40,926	39,896	6,301	—	—	575	628	94	—	—
PS2 75/75 guarantee policy	1,512	1,535	—	—	—	27	30	—	—	—
PS2 75/100 guarantee policy	4,414	5,836	—	—	—	79	114	—	—	—
PS 75/75 guarantee policy	15,008	15,734	2,781	—	—	164	191	32	—	—
PS 75/100 guarantee policy	25,463	29,682	7,151	—	—	277	360	81	—	—
PPS 75/75 guarantee policy	172,036	—	—	—	—	1,922	—	—	—	—
PPS 75/100 guarantee policy	27,897	22,331	—	—	—	311	275	—	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	15.14	17.00	16.14	15.20	13.89	(1.86)	0.86
75/100 guarantee policy	15.02	16.88	16.03	15.11	13.82	(1.86)	0.85
100/100 guarantee policy	14.70	16.55	15.74	14.86	13.61	(1.85)	0.81
PS1 75/75 guarantee policy	14.38	16.07	15.18	14.23	12.94	(1.69)	0.89
PS1 75/100 guarantee policy	14.30	15.99	15.11	14.17	12.90	(1.69)	0.88
PS1 100/100 guarantee policy	14.04	15.73	14.89	—	—	(1.69)	0.84
PS2 75/75 guarantee policy	17.87	19.56	—	—	—	(1.69)	1.45
PS2 75/100 guarantee policy	17.87	19.57	—	—	—	(1.70)	1.46
PS 75/75 guarantee policy	10.92	12.13	11.39	—	—	(1.21)	0.74
PS 75/100 guarantee policy	10.90	12.11	11.38	—	—	(1.21)	0.73
PPS 75/75 guarantee policy	11.17	—	—	—	—	(1.17)	—
PPS 75/100 guarantee policy	11.14	12.32	—	—	—	(1.18)	0.80

Core Moderate Fund SF804

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Core Moderate Fund SF804 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Core Moderate Fund SF804

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Core Moderate Fund SF804

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Core Moderate Fund SF804

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Core Moderate Fund SF804

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Core Moderate Fund SF804

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Core Moderate Fund SF804

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Core Moderate Fund SF804

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Core Moderate Fund SF804

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Core Moderate Fund SF804

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2022.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Core Moderate Fund SF804

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Core Moderate Fund SF804

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.56	2.53	2.52	2.53	2.53
75/100 guarantee policy	2.61	2.60	2.57	2.58	2.59
100/100 guarantee policy	2.76	2.76	2.73	2.74	2.75
PS1 75/75 guarantee policy	2.05	2.04	2.03	2.04	2.05
PS1 75/100 guarantee policy	2.11	2.10	2.08	2.09	2.10
PS1 100/100 guarantee policy	2.28	2.27	2.23	—	—
PS 75/75 guarantee policy	1.44	1.42	1.42	—	—
PS 75/100 guarantee policy	1.50	1.48	1.48	—	—
PPS 75/75 guarantee policy	0.95	—	—	—	—
PPS 75/100 guarantee policy	1.00	0.99	—	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	17.99	8.75	21.12	19.45	15.66

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
CORE MODERATE GROWTH PLUS FUND SF805

December 31, 2022

Independent Auditor's Report

To the Contractholders of Core Moderate Growth Plus Fund SF805 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Core Moderate Growth Plus Fund SF805

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	40,713	40,729
Total investments	40,713	40,729
Total assets	\$ 40,713	\$ 40,729
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 40,713	\$ 40,729

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (3,481)	\$ 3,276
Miscellaneous income (loss)	—	—
Total income (loss)	(3,481)	3,276
Expenses		
Management fees (note 8)	872	720
Other	100	79
Total expenses	972	799
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (4,453)	\$ 2,477

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 40,729	\$ 24,353
Contractholder deposits	8,724	16,470
Contractholder withdrawals	(4,287)	(2,571)
Increase (decrease) in net assets from operations attributable to contractholders	(4,453)	2,477
Change in net assets attributable to contractholders	(16)	16,376
Net assets attributable to contractholders - end of year	\$ 40,713	\$ 40,729

Core Moderate Growth Plus Fund SF805

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (4,453)	\$ 2,477
Adjustments		
Realized (gains) losses	(739)	(428)
Unrealized (gains) losses	4,220	(2,848)
Gross proceeds of disposition of investments	5,979	1,886
Gross payments for the purchase of investments	(9,444)	(14,986)
	<u>(4,437)</u>	<u>(13,899)</u>
Financing Activities		
Contractholder deposits	8,724	16,470
Contractholder withdrawals	(4,287)	(2,571)
	<u>4,437</u>	<u>13,899</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Core Moderate Growth Plus Fund SF805

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Canadian Equity Fund (Laketon) SF009	2,480	3,057
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	8.37%	
The Toronto-Dominion Bank	6.41%	
Canadian Pacific Railway Ltd.	6.20%	
Bank of Montreal	4.50%	
Canadian Natural Resources Ltd.	4.47%	
Canadian Large Cap Equity Index Fund (GWLIM) SF503	2,452	3,054
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.65%	
The Toronto-Dominion Bank	6.86%	
Enbridge Inc.	4.66%	
Canadian National Railway Co.	4.27%	
Canadian Pacific Railway Ltd.	4.08%	
Dividend Fund S-189LL	4,677	6,118
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	6.12%	
The Toronto-Dominion Bank	5.94%	
Enbridge Inc.	4.21%	
Canadian National Railway Co.	3.50%	
The Bank of Nova Scotia	3.46%	
Fixed Income Fund (Laketon) SF019	21,295	20,318
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 1.50% 12-01-2031	8.00%	
Province of Ontario 3.75% 12-02-2053	4.68%	
Government of Canada 2.75% 08-01-2024	3.63%	
Government of Canada 2.00% 06-01-2032	3.34%	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	2.70%	
Global Equity Fund SF034	1,664	2,038
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Microsoft Corp.	4.17%	
Berkshire Hathaway Inc. Class B	3.83%	
Oracle Corp.	3.14%	
McDonald's Corp.	2.71%	
Johnson & Johnson Inc.	2.68%	

*The issuer of this security is a related company to the issuer of the Fund.

Core Moderate Growth Plus Fund SF805

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
International Equity Fund (P) SF529	1,889	2,058
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
AstraZeneca PLC	3.83%	
Mitsubishi UFJ Financial Group Inc.	3.64%	
LVMH Moet Hennessy Louis Vuitton SE	2.97%	
Merck KGaA	2.91%	
Mitsubishi Corp.	2.85%	
U.S. Equity Fund (GWLIM) SF517	840	1,015
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Aon Corp.	5.93%	
Danaher Corp.	5.20%	
Thermo Fisher Scientific Inc.	4.71%	
Roper Technologies Inc.	4.58%	
Keysight Technologies Inc.	4.44%	
U.S. Equity Index Fund (GWLIM) SF512	1,648	2,036
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Apple Inc.	6.00%	
Microsoft Corp.	5.48%	
Amazon.com Inc.	2.29%	
Berkshire Hathaway Inc. Class B	1.71%	
Alphabet Inc. Class A	1.63%	
U.S. Value Fund S-178LL	808	1,019
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Microsoft Corp.	4.25%	
JPMorgan Chase & Co.	3.27%	
Amazon.com Inc.	2.67%	
Meta Platforms Inc.	2.57%	
Bank of America Corp.	2.27%	
Total Investments	37,753	40,713

Core Moderate Growth Plus Fund SF805

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	320,035	297,610	201,509	155,979	144,170	5,211	5,417	3,402	2,495	2,085
75/100 guarantee policy	1,216,144	1,077,860	875,864	580,488	553,354	19,649	19,477	14,689	9,229	7,960
100/100 guarantee policy	55,077	69,523	45,462	31,390	15,263	871	1,231	748	491	216
PS1 75/75 guarantee policy	224,900	254,029	137,770	87,725	41,429	3,508	4,405	2,205	1,322	562
PS1 75/100 guarantee policy	547,462	459,440	177,496	133,706	93,169	8,506	7,940	2,831	2,011	1,261
PS1 100/100 guarantee policy	11,101	12,906	6,047	—	—	169	219	95	—	—
PS2 75/75 guarantee policy	15,227	4,944	4,412	—	—	297	105	85	—	—
PS2 75/100 guarantee policy	59,298	36,111	10,136	7,948	8,493	1,156	766	194	140	132
PS 75/75 guarantee policy	427	420	1,124	842	—	5	5	13	9	—
PS 75/100 guarantee policy	82,061	43,294	4,298	—	—	914	534	49	—	—
PPS 75/75 guarantee policy	25,373	35,813	2,998	—	—	290	451	34	—	—
PPS 75/100 guarantee policy	12,010	14,231	686	—	—	137	179	8	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	16.28	18.20	16.88	16.00	14.46	(1.92)	1.32
75/100 guarantee policy	16.16	18.07	16.77	15.90	14.38	(1.91)	1.30
100/100 guarantee policy	15.81	17.71	16.46	15.63	14.16	(1.90)	1.25
PS1 75/75 guarantee policy	15.60	17.34	16.00	15.07	13.56	(1.74)	1.34
PS1 75/100 guarantee policy	15.54	17.28	15.95	15.04	13.53	(1.74)	1.33
PS1 100/100 guarantee policy	15.23	16.97	15.69	—	—	(1.74)	1.28
PS2 75/75 guarantee policy	19.50	21.22	19.17	—	—	(1.72)	2.05
PS2 75/100 guarantee policy	19.50	21.22	19.17	17.69	15.58	(1.72)	2.05
PS 75/75 guarantee policy	11.17	12.35	11.33	10.62	—	(1.18)	1.02
PS 75/100 guarantee policy	11.14	12.32	11.31	—	—	(1.18)	1.01
PPS 75/75 guarantee policy	11.45	12.59	11.48	—	—	(1.14)	1.11
PPS 75/100 guarantee policy	11.42	12.56	11.47	—	—	(1.14)	1.09

Core Moderate Growth Plus Fund SF805

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Core Moderate Growth Plus Fund SF805 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Core Moderate Growth Plus Fund SF805

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Core Moderate Growth Plus Fund SF805

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Core Moderate Growth Plus Fund SF805

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Core Moderate Growth Plus Fund SF805

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Core Moderate Growth Plus Fund SF805

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Core Moderate Growth Plus Fund SF805

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Core Moderate Growth Plus Fund SF805

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Core Moderate Growth Plus Fund SF805

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Core Moderate Growth Plus Fund SF805

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2022.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Core Moderate Growth Plus Fund SF805

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Core Moderate Growth Plus Fund SF805

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.66	2.65	2.63	2.63	2.65
75/100 guarantee policy	2.72	2.71	2.69	2.69	2.71
100/100 guarantee policy	2.88	2.86	2.84	2.84	2.87
PS1 75/75 guarantee policy	2.12	2.10	2.09	2.08	2.11
PS1 75/100 guarantee policy	2.17	2.15	2.14	2.14	2.16
PS1 100/100 guarantee policy	2.34	2.32	2.29	—	—
PS 75/75 guarantee policy	1.54	1.56	1.54	1.53	—
PS 75/100 guarantee policy	1.60	1.59	1.59	—	—
PPS 75/75 guarantee policy	1.00	0.99	0.97	—	—
PPS 75/100 guarantee policy	1.06	1.04	1.04	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	14.83	5.91	14.57	19.52	13.43

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
BALANCED FUND (FIDELITY) SF806

December 31, 2022

Independent Auditor's Report

To the Contractholders of Balanced Fund (Fidelity) SF806 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Balanced Fund (Fidelity) SF806

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	62,474	79,740
Total investments	62,474	79,740
Total assets	\$ 62,474	\$ 79,740
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 62,474	\$ 79,740

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (7,138)	\$ 9,796
Miscellaneous income (loss)	—	—
Total income (loss)	(7,138)	9,796
Expenses		
Management fees (note 8)	1,832	2,156
Other	181	215
Total expenses	2,013	2,371
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (9,151)	\$ 7,425

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 79,740	\$ 81,513
Contractholder deposits	384	753
Contractholder withdrawals	(8,499)	(9,951)
Increase (decrease) in net assets from operations attributable to contractholders	(9,151)	7,425
Change in net assets attributable to contractholders	(17,266)	(1,773)
Net assets attributable to contractholders - end of year	\$ 62,474	\$ 79,740

Balanced Fund (Fidelity) SF806

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (9,151)	\$ 7,425
Adjustments		
Realized (gains) losses	(4,471)	(6,594)
Unrealized (gains) losses	11,609	(3,202)
Gross proceeds of disposition of investments	10,273	12,128
Gross payments for the purchase of investments	(145)	(559)
	<u>8,115</u>	<u>9,198</u>
Financing Activities		
Contractholder deposits	384	753
Contractholder withdrawals	(8,499)	(9,951)
	<u>(8,115)</u>	<u>(9,198)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Balanced Fund (Fidelity) SF806

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Canadian Bond Fund (Fidelity) SF502	21,241	24,970
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Canada Housing Trust No. 1 3.55% 09-15-2032 144A	3.92%	
Province of Ontario 1.75% 09-08-2025	2.33%	
Government of Canada 1.75% 12-01-2053	1.95%	
Government of Canada 0.50% 12-01-2030	1.55%	
Government of Canada 1.50% 12-01-2031	1.49%	
Canadian Disciplined Equity Fund (Fidelity) SF505	7,567	16,944
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.45%	
The Toronto-Dominion Bank	7.25%	
Canadian Pacific Railway Ltd.	5.97%	
Canadian National Railway Co.	4.67%	
Canadian Natural Resources Ltd.	4.06%	
Canadian Large Cap Equity Index Fund (GWLIM) SF503	2,900	5,588
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.65%	
The Toronto-Dominion Bank	6.86%	
Enbridge Inc.	4.66%	
Canadian National Railway Co.	4.27%	
Canadian Pacific Railway Ltd.	4.08%	
Global Disciplined Equity Fund (Fidelity) SF506	4,810	11,253
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Apple Inc.	4.10%	
Microsoft Corp.	3.49%	
AstraZeneca PLC	2.20%	
Exxon Mobil Corp.	2.14%	
Boston Scientific Corp.	1.94%	
U.S. Equity Index Fund (GWLIM) SF512	1,297	3,719
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Apple Inc.	6.00%	
Microsoft Corp.	5.48%	
Amazon.com Inc.	2.29%	
Berkshire Hathaway Inc. Class B	1.71%	
Alphabet Inc. Class A	1.63%	
Total Investments	37,815	62,474

Balanced Fund (Fidelity) SF806

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	437,273	468,090	524,517	577,971	549,352	7,602	9,227	9,428	9,575	7,953
75/100 guarantee policy	2,497,125	2,840,418	3,233,979	3,629,063	3,793,207	43,123	55,646	57,808	59,824	54,668
100/100 guarantee policy	124,339	140,994	158,496	192,269	181,679	2,106	2,714	2,788	3,123	2,584
PS1 75/75 guarantee policy	74,780	101,260	92,014	119,585	57,915	1,302	1,987	1,637	1,950	820
PS1 75/100 guarantee policy	435,450	473,247	507,527	544,062	579,689	7,538	9,240	8,989	8,836	8,183
PS1 100/100 guarantee policy	23,006	23,431	25,206	25,358	26,564	391	450	440	407	371
PS2 75/100 guarantee policy	17,583	18,119	17,417	17,802	10,988	396	449	382	349	183
PS2 100/100 guarantee policy	692	1,103	1,838	2,337	5,669	16	27	41	46	94

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	17.38	19.71	17.98	16.57	14.48	(2.33)	1.73
75/100 guarantee policy	17.27	19.59	17.88	16.48	14.41	(2.32)	1.71
100/100 guarantee policy	16.94	19.24	17.59	16.24	14.22	(2.30)	1.65
PS1 75/75 guarantee policy	17.41	19.63	17.79	16.31	14.17	(2.22)	1.84
PS1 75/100 guarantee policy	17.31	19.52	17.71	16.24	14.12	(2.21)	1.81
PS1 100/100 guarantee policy	17.01	19.22	17.46	16.04	13.96	(2.21)	1.76
PS2 75/100 guarantee policy	22.52	24.78	21.93	19.62	16.64	(2.26)	2.85
PS2 100/100 guarantee policy	22.56	24.82	21.97	19.65	16.66	(2.26)	2.85

Balanced Fund (Fidelity) SF806

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Balanced Fund (Fidelity) SF806 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Balanced Fund (Fidelity) SF806

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Balanced Fund (Fidelity) SF806

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Balanced Fund (Fidelity) SF806

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Balanced Fund (Fidelity) SF806

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Balanced Fund (Fidelity) SF806

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Balanced Fund (Fidelity) SF806

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Balanced Fund (Fidelity) SF806

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Balanced Fund (Fidelity) SF806

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Balanced Fund (Fidelity) SF806

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2022.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Balanced Fund (Fidelity) SF806

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Balanced Fund (Fidelity) SF806

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.99	3.00	3.00	3.00	3.02
75/100 guarantee policy	3.05	3.05	3.05	3.06	3.07
100/100 guarantee policy	3.20	3.21	3.21	3.21	3.23
PS1 75/75 guarantee policy	2.42	2.42	2.42	2.42	2.43
PS1 75/100 guarantee policy	2.47	2.47	2.47	2.48	2.49
PS1 100/100 guarantee policy	2.63	2.64	2.64	2.64	2.66

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	0.21	0.69	9.38	7.05	1.72

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
MODERATE GROWTH PLUS FUND (FIDELITY) SF807

December 31, 2022

Independent Auditor's Report

To the Contractholders of Moderate Growth Plus Fund (Fidelity) SF807 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Moderate Growth Plus Fund (Fidelity) SF807

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	19,199	25,074
Total investments	19,199	25,074
Total assets	\$ 19,199	\$ 25,074
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 19,199	\$ 25,074

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (2,341)	\$ 2,494
Miscellaneous income (loss)	—	—
Total income (loss)	(2,341)	2,494
Expenses		
Management fees (note 8)	549	654
Other	58	71
Total expenses	607	725
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (2,948)	\$ 1,769

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 25,074	\$ 25,339
Contractholder deposits	75	103
Contractholder withdrawals	(3,002)	(2,137)
Increase (decrease) in net assets from operations attributable to contractholders	(2,948)	1,769
Change in net assets attributable to contractholders	(5,875)	(265)
Net assets attributable to contractholders - end of year	\$ 19,199	\$ 25,074

Moderate Growth Plus Fund (Fidelity) SF807

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (2,948)	\$ 1,769
Adjustments		
Realized (gains) losses	(1,443)	(1,474)
Unrealized (gains) losses	3,784	(1,020)
Gross proceeds of disposition of investments	3,782	2,866
Gross payments for the purchase of investments	(248)	(107)
	<u>2,927</u>	<u>2,034</u>
Financing Activities		
Contractholder deposits	75	103
Contractholder withdrawals	(3,002)	(2,137)
	<u>(2,927)</u>	<u>(2,034)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Moderate Growth Plus Fund (Fidelity) SF807

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Canadian Bond Fund (Fidelity) SF502	8,090	9,593
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Canada Housing Trust No. 1 3.55% 09-15-2032 144A	3.92%	
Province of Ontario 1.75% 09-08-2025	2.33%	
Government of Canada 1.75% 12-01-2053	1.95%	
Government of Canada 0.50% 12-01-2030	1.55%	
Government of Canada 1.50% 12-01-2031	1.49%	
Canadian Disciplined Equity Fund (Fidelity) SF505	2,071	4,328
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.45%	
The Toronto-Dominion Bank	7.25%	
Canadian Pacific Railway Ltd.	5.97%	
Canadian National Railway Co.	4.67%	
Canadian Natural Resources Ltd.	4.06%	
Canadian Large Cap Equity Index Fund (GWLIM) SF503	776	1,426
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.65%	
The Toronto-Dominion Bank	6.86%	
Enbridge Inc.	4.66%	
Canadian National Railway Co.	4.27%	
Canadian Pacific Railway Ltd.	4.08%	
Global Disciplined Equity Fund (Fidelity) SF506	1,387	2,895
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Apple Inc.	4.10%	
Microsoft Corp.	3.49%	
AstraZeneca PLC	2.20%	
Exxon Mobil Corp.	2.14%	
Boston Scientific Corp.	1.94%	
U.S. Equity Index Fund (GWLIM) SF512	392	957
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Apple Inc.	6.00%	
Microsoft Corp.	5.48%	
Amazon.com Inc.	2.29%	
Berkshire Hathaway Inc. Class B	1.71%	
Alphabet Inc. Class A	1.63%	
Total Investments	12,716	19,199

Moderate Growth Plus Fund (Fidelity) SF807

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	143,990	159,847	184,805	209,427	212,362	2,330	2,941	3,170	3,314	2,977
75/100 guarantee policy	852,462	972,296	1,058,702	1,315,693	1,470,226	13,693	17,768	18,049	20,702	20,501
100/100 guarantee policy	24,012	36,033	36,719	38,483	42,974	377	645	614	595	590
PS1 75/75 guarantee policy	29,399	37,943	41,045	78,873	56,629	472	688	690	1,216	769
PS1 75/100 guarantee policy	143,240	165,153	165,996	169,489	143,182	2,284	2,979	2,777	2,602	1,936
PS1 100/100 guarantee policy	597	597	—	—	—	9	11	—	—	—
PS2 75/100 guarantee policy	—	—	—	—	3,598	—	—	—	—	57
PS 75/75 guarantee policy	3,004	3,242	3,292	3,345	—	34	42	39	36	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	16.18	18.40	17.16	15.83	14.02	(2.22)	1.24
75/100 guarantee policy	16.06	18.27	17.05	15.73	13.94	(2.21)	1.22
100/100 guarantee policy	15.71	17.90	16.73	15.47	13.73	(2.19)	1.17
PS1 75/75 guarantee policy	16.04	18.13	16.81	15.41	13.57	(2.09)	1.32
PS1 75/100 guarantee policy	15.95	18.04	16.73	15.35	13.52	(2.09)	1.31
PS1 100/100 guarantee policy	15.67	17.75	—	—	—	(2.08)	1.26
PS2 75/100 guarantee policy	—	—	—	—	15.85	—	—
PS 75/75 guarantee policy	11.42	12.84	11.84	10.80	—	(1.42)	1.00

Moderate Growth Plus Fund (Fidelity) SF807

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Moderate Growth Plus Fund (Fidelity) SF807 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Moderate Growth Plus Fund (Fidelity) SF807

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Moderate Growth Plus Fund (Fidelity) SF807

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Moderate Growth Plus Fund (Fidelity) SF807

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Moderate Growth Plus Fund (Fidelity) SF807

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Moderate Growth Plus Fund (Fidelity) SF807

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Moderate Growth Plus Fund (Fidelity) SF807

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Moderate Growth Plus Fund (Fidelity) SF807

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Moderate Growth Plus Fund (Fidelity) SF807

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Moderate Growth Plus Fund (Fidelity) SF807

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2022.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Moderate Growth Plus Fund (Fidelity) SF807

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Moderate Growth Plus Fund (Fidelity) SF807

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.91	2.92	2.92	2.93	2.94
75/100 guarantee policy	2.96	2.97	2.97	2.97	2.98
100/100 guarantee policy	3.13	3.13	3.13	3.14	3.15
PS1 75/75 guarantee policy	2.33	2.33	2.33	2.33	2.34
PS1 75/100 guarantee policy	2.38	2.38	2.38	2.38	2.40
PS1 100/100 guarantee policy	2.53	2.55	—	—	—
PS 75/75 guarantee policy	1.81	1.81	1.81	1.80	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	1.17	0.42	10.24	7.39	3.95

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
MODERATE INCOME FUND (FIDELITY) SF808

December 31, 2022

Independent Auditor's Report

To the Contractholders of Moderate Income Fund (Fidelity) SF808 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Moderate Income Fund (Fidelity) SF808

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	15,377	19,738
Total investments	15,377	19,738
Total assets	\$ 15,377	\$ 19,738
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 15,377	\$ 19,738

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (1,923)	\$ 1,304
Miscellaneous income (loss)	—	—
Total income (loss)	(1,923)	1,304
Expenses		
Management fees (note 8)	401	495
Other	43	52
Total expenses	444	547
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (2,367)	\$ 757

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 19,738	\$ 21,699
Contractholder deposits	98	100
Contractholder withdrawals	(2,092)	(2,818)
Increase (decrease) in net assets from operations attributable to contractholders	(2,367)	757
Change in net assets attributable to contractholders	(4,361)	(1,961)
Net assets attributable to contractholders - end of year	\$ 15,377	\$ 19,738

Moderate Income Fund (Fidelity) SF808

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (2,367)	\$ 757
Adjustments		
Realized (gains) losses	(728)	(1,311)
Unrealized (gains) losses	2,651	7
Gross proceeds of disposition of investments	2,502	3,458
Gross payments for the purchase of investments	(64)	(193)
	<u>1,994</u>	<u>2,718</u>
Financing Activities		
Contractholder deposits	98	100
Contractholder withdrawals	(2,092)	(2,818)
	<u>(1,994)</u>	<u>(2,718)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Moderate Income Fund (Fidelity) SF808

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Canadian Bond Fund (Fidelity) SF502	8,798	10,042
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Canada Housing Trust No. 1 3.55% 09-15-2032 144A	3.92%	
Province of Ontario 1.75% 09-08-2025	2.33%	
Government of Canada 1.75% 12-01-2053	1.95%	
Government of Canada 0.50% 12-01-2030	1.55%	
Government of Canada 1.50% 12-01-2031	1.49%	
Canadian Disciplined Equity Fund (Fidelity) SF505	1,296	2,401
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.45%	
The Toronto-Dominion Bank	7.25%	
Canadian Pacific Railway Ltd.	5.97%	
Canadian National Railway Co.	4.67%	
Canadian Natural Resources Ltd.	4.06%	
Canadian Large Cap Equity Index Fund (GWLIM) SF503	463	789
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.65%	
The Toronto-Dominion Bank	6.86%	
Enbridge Inc.	4.66%	
Canadian National Railway Co.	4.27%	
Canadian Pacific Railway Ltd.	4.08%	
Global Disciplined Equity Fund (Fidelity) SF506	890	1,614
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Apple Inc.	4.10%	
Microsoft Corp.	3.49%	
AstraZeneca PLC	2.20%	
Exxon Mobil Corp.	2.14%	
Boston Scientific Corp.	1.94%	
U.S. Equity Index Fund (GWLIM) SF512	257	531
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Apple Inc.	6.00%	
Microsoft Corp.	5.48%	
Amazon.com Inc.	2.29%	
Berkshire Hathaway Inc. Class B	1.71%	
Alphabet Inc. Class A	1.63%	
Total Investments	11,704	15,377

Moderate Income Fund (Fidelity) SF808

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	230,058	266,825	296,151	306,950	323,486	3,367	4,462	4,772	4,567	4,352
75/100 guarantee policy	557,571	639,560	766,761	899,842	975,268	8,088	10,607	12,262	13,294	13,033
100/100 guarantee policy	23,673	24,284	23,925	31,078	34,689	336	394	375	451	456
PS1 75/75 guarantee policy	47,569	35,759	38,412	40,877	39,621	676	577	595	581	506
PS1 75/100 guarantee policy	130,724	151,169	158,964	163,690	111,444	1,848	2,429	2,448	2,316	1,418
PS1 100/100 guarantee policy	76,491	80,250	82,142	84,141	90,822	1,062	1,269	1,247	1,176	1,143
PS2 75/75 guarantee policy	—	—	—	438	448	—	—	—	7	6

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	14.63	16.72	16.11	14.88	13.45	(2.09)	0.61
75/100 guarantee policy	14.51	16.58	15.99	14.77	13.36	(2.07)	0.59
100/100 guarantee policy	14.18	16.23	15.68	14.50	13.14	(2.05)	0.55
PS1 75/75 guarantee policy	14.22	16.15	15.48	14.21	12.77	(1.93)	0.67
PS1 75/100 guarantee policy	14.14	16.07	15.40	14.15	12.72	(1.93)	0.67
PS1 100/100 guarantee policy	13.89	15.81	15.18	13.97	12.58	(1.92)	0.63
PS2 75/75 guarantee policy	—	—	—	16.75	14.73	—	—

Moderate Income Fund (Fidelity) SF808

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Moderate Income Fund (Fidelity) SF808 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Moderate Income Fund (Fidelity) SF808

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Moderate Income Fund (Fidelity) SF808

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Moderate Income Fund (Fidelity) SF808

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Moderate Income Fund (Fidelity) SF808

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Moderate Income Fund (Fidelity) SF808

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Moderate Income Fund (Fidelity) SF808

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Moderate Income Fund (Fidelity) SF808

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Moderate Income Fund (Fidelity) SF808

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Moderate Income Fund (Fidelity) SF808

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2022.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Moderate Income Fund (Fidelity) SF808

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Moderate Income Fund (Fidelity) SF808

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.74	2.73	2.73	2.74	2.75
75/100 guarantee policy	2.79	2.79	2.78	2.80	2.81
100/100 guarantee policy	2.95	2.94	2.94	2.95	2.97
PS1 75/75 guarantee policy	2.15	2.15	2.15	2.16	2.16
PS1 75/100 guarantee policy	2.21	2.21	2.20	2.21	2.22
PS1 100/100 guarantee policy	2.38	2.37	2.37	2.38	2.39

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	0.37	0.94	10.89	14.13	6.08

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
BALANCED INCOME FUND (FRANKLIN TEMPLETON) SF809

December 31, 2022

Independent Auditor's Report

To the Contractholders of Balanced Income Fund (Franklin Templeton) SF809 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Balanced Income Fund (Franklin Templeton) SF809

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	13,506	17,647
Total investments	13,506	17,647
Total assets	\$ 13,506	\$ 17,647
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 13,506	\$ 17,647

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (1,132)	\$ 1,904
Miscellaneous income (loss)	—	—
Total income (loss)	(1,132)	1,904
Expenses		
Management fees (note 8)	386	495
Other	40	50
Total expenses	426	545
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (1,558)	\$ 1,359

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 17,647	\$ 20,710
Contractholder deposits	96	62
Contractholder withdrawals	(2,679)	(4,484)
Increase (decrease) in net assets from operations attributable to contractholders	(1,558)	1,359
Change in net assets attributable to contractholders	(4,141)	(3,063)
Net assets attributable to contractholders - end of year	\$ 13,506	\$ 17,647

Balanced Income Fund (Franklin Templeton) SF809

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (1,558)	\$ 1,359
Adjustments		
Realized (gains) losses	(1,205)	(2,023)
Unrealized (gains) losses	2,337	119
Gross proceeds of disposition of investments	3,111	5,069
Gross payments for the purchase of investments	(102)	(102)
	<u>2,583</u>	<u>4,422</u>
Financing Activities		
Contractholder deposits	96	62
Contractholder withdrawals	(2,679)	(4,484)
	<u>(2,583)</u>	<u>(4,422)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Balanced Income Fund (Franklin Templeton) SF809

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Canadian Equity Fund (Bissett) SF103	1,654	3,324
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
The Toronto-Dominion Bank	5.63%	
Royal Bank of Canada	5.43%	
Brookfield Corp.	5.05%	
Cash and short-term deposits	4.63%	
Canadian National Railway Co.	4.35%	
Canadian Large Cap Equity Index Fund (GWLIM) SF503	601	1,105
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.65%	
The Toronto-Dominion Bank	6.86%	
Enbridge Inc.	4.66%	
Canadian National Railway Co.	4.27%	
Canadian Pacific Railway Ltd.	4.08%	
Fixed Income Fund (Templeton) SF516	5,225	6,079
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Canada Housing Trust No. 1 3.55% 09-15-2032	3.10%	
Province of Ontario 3.45% 06-02-2045	3.01%	
Canada Housing Trust No. 1 2.90% 06-15-2024	2.47%	
Province of Saskatchewan 5.60% 09-05-2035	2.28%	
Province of Quebec 5.75% 12-01-2036	2.27%	
Global Equity Fund (Templeton) SF509	1,367	2,254
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	5.30%	
AbbVie Inc.	3.43%	
The TJX Companies Inc.	3.07%	
BP PLC	3.00%	
HCA Healthcare Inc.	2.78%	
U.S. Equity Index Fund (GWLIM) SF512	302	744
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Apple Inc.	6.00%	
Microsoft Corp.	5.48%	
Amazon.com Inc.	2.29%	
Berkshire Hathaway Inc. Class B	1.71%	
Alphabet Inc. Class A	1.63%	
Total Investments	9,149	13,506

Balanced Income Fund (Franklin Templeton) SF809

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	152,049	167,726	184,512	200,246	197,984	2,482	3,021	3,095	3,230	2,888
75/100 guarantee policy	521,619	651,714	864,057	991,075	1,131,624	8,443	11,648	14,388	15,881	16,409
100/100 guarantee policy	28,094	29,897	33,366	40,699	48,907	444	522	544	640	697
PS1 75/75 guarantee policy	15,988	15,094	17,475	18,377	357	253	263	282	283	5
PS1 75/100 guarantee policy	117,881	124,976	147,979	191,601	162,563	1,860	2,165	2,374	2,941	2,245
PS1 100/100 guarantee policy	1,543	1,636	1,740	1,854	2,045	24	28	27	28	28
PS 75/100 guarantee policy	—	—	—	5,169	—	—	—	—	54	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	16.32	18.01	16.77	16.13	14.59	(1.69)	1.24
75/100 guarantee policy	16.19	17.87	16.65	16.02	14.50	(1.68)	1.22
100/100 guarantee policy	15.80	17.47	16.31	15.72	14.25	(1.67)	1.16
PS1 75/75 guarantee policy	15.87	17.41	16.12	15.41	13.86	(1.54)	1.29
PS1 75/100 guarantee policy	15.78	17.32	16.05	15.35	13.81	(1.54)	1.27
PS1 100/100 guarantee policy	15.50	17.04	15.81	15.15	13.65	(1.54)	1.23
PS 75/100 guarantee policy	—	—	—	10.51	—	—	—

Balanced Income Fund (Franklin Templeton) SF809

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Balanced Income Fund (Franklin Templeton) SF809 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Balanced Income Fund (Franklin Templeton) SF809

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Balanced Income Fund (Franklin Templeton) SF809

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Balanced Income Fund (Franklin Templeton) SF809

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Balanced Income Fund (Franklin Templeton) SF809

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Balanced Income Fund (Franklin Templeton) SF809

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Balanced Income Fund (Franklin Templeton) SF809

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Balanced Income Fund (Franklin Templeton) SF809

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Balanced Income Fund (Franklin Templeton) SF809

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Balanced Income Fund (Franklin Templeton) SF809

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2022.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Balanced Income Fund (Franklin Templeton) SF809

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Balanced Income Fund (Franklin Templeton) SF809

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.89	2.89	2.89	2.89	2.90
75/100 guarantee policy	2.95	2.95	2.94	2.95	2.96
100/100 guarantee policy	3.11	3.11	3.11	3.11	3.13
PS1 75/75 guarantee policy	2.31	2.31	2.31	2.30	2.32
PS1 75/100 guarantee policy	2.37	2.37	2.37	2.37	2.37
PS1 100/100 guarantee policy	2.53	2.53	2.53	2.53	2.56
PS 75/100 guarantee policy	—	—	—	1.84	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	0.69	0.52	5.54	5.70	3.78

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
MODERATE GROWTH FUND (FRANKLIN TEMPLETON) SF810

December 31, 2022

Independent Auditor's Report

To the Contractholders of Moderate Growth Fund (Franklin Templeton) SF810 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Moderate Growth Fund (Franklin Templeton) SF810

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	6,432	7,891
Total investments	6,432	7,891
Total assets	\$ 6,432	\$ 7,891
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 6,432	\$ 7,891

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (594)	\$ 644
Miscellaneous income (loss)	—	—
Total income (loss)	(594)	644
Expenses		
Management fees (note 8)	176	208
Other	17	20
Total expenses	193	228
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (787)	\$ 416

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 7,891	\$ 8,674
Contractholder deposits	15	16
Contractholder withdrawals	(687)	(1,215)
Increase (decrease) in net assets from operations attributable to contractholders	(787)	416
Change in net assets attributable to contractholders	(1,459)	(783)
Net assets attributable to contractholders - end of year	\$ 6,432	\$ 7,891

Moderate Growth Fund (Franklin Templeton) SF810

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (787)	\$ 416
Adjustments		
Realized (gains) losses	(340)	(599)
Unrealized (gains) losses	934	(45)
Gross proceeds of disposition of investments	868	1,434
Gross payments for the purchase of investments	(3)	(7)
	<u>672</u>	<u>1,199</u>
Financing Activities		
Contractholder deposits	15	16
Contractholder withdrawals	(687)	(1,215)
	<u>(672)</u>	<u>(1,199)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Moderate Growth Fund (Franklin Templeton) SF810

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Canadian Equity Fund (Bissett) SF103	626	1,295
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
The Toronto-Dominion Bank	5.63%	
Royal Bank of Canada	5.43%	
Brookfield Corp.	5.05%	
Cash and short-term deposits	4.63%	
Canadian National Railway Co.	4.35%	
Canadian Large Cap Equity Index Fund (GWLIM) SF503	229	429
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.65%	
The Toronto-Dominion Bank	6.86%	
Enbridge Inc.	4.66%	
Canadian National Railway Co.	4.27%	
Canadian Pacific Railway Ltd.	4.08%	
Fixed Income Fund (Templeton) SF516	2,973	3,546
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Canada Housing Trust No. 1 3.55% 09-15-2032	3.10%	
Province of Ontario 3.45% 06-02-2045	3.01%	
Canada Housing Trust No. 1 2.90% 06-15-2024	2.47%	
Province of Saskatchewan 5.60% 09-05-2035	2.28%	
Province of Quebec 5.75% 12-01-2036	2.27%	
Global Equity Fund (Templeton) SF509	517	874
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	5.30%	
AbbVie Inc.	3.43%	
The TJX Companies Inc.	3.07%	
BP PLC	3.00%	
HCA Healthcare Inc.	2.78%	
U.S. Equity Index Fund (GWLIM) SF512	108	288
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Apple Inc.	6.00%	
Microsoft Corp.	5.48%	
Amazon.com Inc.	2.29%	
Berkshire Hathaway Inc. Class B	1.71%	
Alphabet Inc. Class A	1.63%	
Total Investments	4,453	6,432

Moderate Growth Fund (Franklin Templeton) SF810

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	54,716	56,538	60,913	68,036	82,265	832	958	981	1,047	1,154
75/100 guarantee policy	302,807	353,351	415,435	462,622	615,159	4,582	5,957	6,659	7,089	8,602
100/100 guarantee policy	12,404	15,899	23,734	31,154	27,672	184	263	374	470	381
PS1 75/75 guarantee policy	98	98	98	98	3,090	1	2	1	1	41
PS1 75/100 guarantee policy	54,610	41,647	40,821	55,724	49,951	803	678	628	815	663
PS1 100/100 guarantee policy	2,043	2,043	2,043	66	1,901	30	33	31	1	25

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	15.21	16.94	16.10	15.38	14.03	(1.73)	0.84
75/100 guarantee policy	15.13	16.86	16.03	15.32	13.98	(1.73)	0.83
100/100 guarantee policy	14.81	16.53	15.74	15.07	13.77	(1.72)	0.79
PS1 75/75 guarantee policy	14.76	16.35	15.45	14.69	13.32	(1.59)	0.90
PS1 75/100 guarantee policy	14.70	16.29	15.39	14.63	13.27	(1.59)	0.90
PS1 100/100 guarantee policy	14.47	16.05	15.19	14.45	13.13	(1.58)	0.86

Moderate Growth Fund (Franklin Templeton) SF810

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Moderate Growth Fund (Franklin Templeton) SF810 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Moderate Growth Fund (Franklin Templeton) SF810

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Moderate Growth Fund (Franklin Templeton) SF810

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Moderate Growth Fund (Franklin Templeton) SF810

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Moderate Growth Fund (Franklin Templeton) SF810

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Moderate Growth Fund (Franklin Templeton) SF810

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Moderate Growth Fund (Franklin Templeton) SF810

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Moderate Growth Fund (Franklin Templeton) SF810

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Moderate Growth Fund (Franklin Templeton) SF810

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Moderate Growth Fund (Franklin Templeton) SF810

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2022.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Moderate Growth Fund (Franklin Templeton) SF810

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Moderate Growth Fund (Franklin Templeton) SF810

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.78	2.78	2.78	2.78	2.79
75/100 guarantee policy	2.84	2.84	2.84	2.84	2.84
100/100 guarantee policy	3.00	3.00	2.99	2.99	3.00
PS1 75/75 guarantee policy	2.20	2.19	2.19	2.20	2.20
PS1 75/100 guarantee policy	2.24	2.25	2.25	2.25	2.25
PS1 100/100 guarantee policy	2.41	2.41	2.41	2.41	2.42

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	0.05	0.07	3.88	3.98	11.98

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
MODERATE INCOME FUND (FRANKLIN TEMPLETON) SF811

December 31, 2022

Independent Auditor's Report

To the Contractholders of Moderate Income Fund (Franklin Templeton) SF811 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Moderate Income Fund (Franklin Templeton) SF811

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	4,544	5,647
Total investments	4,544	5,647
Total assets	\$ 4,544	\$ 5,647
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 4,544	\$ 5,647

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (467)	\$ 331
Miscellaneous income (loss)	—	—
Total income (loss)	(467)	331
Expenses		
Management fees (note 8)	112	139
Other	11	14
Total expenses	123	153
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (590)	\$ 178

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 5,647	\$ 6,868
Contractholder deposits	4	7
Contractholder withdrawals	(517)	(1,406)
Increase (decrease) in net assets from operations attributable to contractholders	(590)	178
Change in net assets attributable to contractholders	(1,103)	(1,221)
Net assets attributable to contractholders - end of year	\$ 4,544	\$ 5,647

Moderate Income Fund (Franklin Templeton) SF811

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (590)	\$ 178
Adjustments		
Realized (gains) losses	(233)	(518)
Unrealized (gains) losses	700	187
Gross proceeds of disposition of investments	706	1,579
Gross payments for the purchase of investments	(70)	(27)
	<u>513</u>	<u>1,399</u>
Financing Activities		
Contractholder deposits	4	7
Contractholder withdrawals	(517)	(1,406)
	<u>(513)</u>	<u>(1,399)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Moderate Income Fund (Franklin Templeton) SF811

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Canadian Equity Fund (Bissett) SF103	370	707
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
The Toronto-Dominion Bank	5.63%	
Royal Bank of Canada	5.43%	
Brookfield Corp.	5.05%	
Cash and short-term deposits	4.63%	
Canadian National Railway Co.	4.35%	
Canadian Large Cap Equity Index Fund (GWLIM) SF503	132	235
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.65%	
The Toronto-Dominion Bank	6.86%	
Enbridge Inc.	4.66%	
Canadian National Railway Co.	4.27%	
Canadian Pacific Railway Ltd.	4.08%	
Fixed Income Fund (Templeton) SF516	2,570	2,965
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Canada Housing Trust No. 1 3.55% 09-15-2032	3.10%	
Province of Ontario 3.45% 06-02-2045	3.01%	
Canada Housing Trust No. 1 2.90% 06-15-2024	2.47%	
Province of Saskatchewan 5.60% 09-05-2035	2.28%	
Province of Quebec 5.75% 12-01-2036	2.27%	
Global Equity Fund (Templeton) SF509	310	480
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	5.30%	
AbbVie Inc.	3.43%	
The TJX Companies Inc.	3.07%	
BP PLC	3.00%	
HCA Healthcare Inc.	2.78%	
U.S. Equity Index Fund (GWLIM) SF512	73	157
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Apple Inc.	6.00%	
Microsoft Corp.	5.48%	
Amazon.com Inc.	2.29%	
Berkshire Hathaway Inc. Class B	1.71%	
Alphabet Inc. Class A	1.63%	
Total Investments	3,455	4,544

Moderate Income Fund (Franklin Templeton) SF811

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	37,888	54,120	64,561	70,698	78,466	537	862	998	1,035	1,056
75/100 guarantee policy	177,625	190,741	243,844	322,433	381,918	2,502	3,021	3,749	4,697	5,117
100/100 guarantee policy	4,826	5,135	5,510	5,913	11,965	67	80	83	85	158
PS1 75/75 guarantee policy	10,647	11,311	11,937	12,605	13,245	146	174	177	176	169
PS1 75/100 guarantee policy	94,287	96,833	124,148	180,469	139,097	1,292	1,483	1,835	2,512	1,770
PS1 100/100 guarantee policy	—	1,767	1,767	1,767	7,315	—	27	26	24	92

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	14.18	15.94	15.46	14.64	13.46	(1.76)	0.48
75/100 guarantee policy	14.09	15.84	15.38	14.57	13.40	(1.75)	0.46
100/100 guarantee policy	13.82	15.56	15.13	14.35	13.22	(1.74)	0.43
PS1 75/75 guarantee policy	13.76	15.38	14.83	13.96	12.76	(1.62)	0.55
PS1 75/100 guarantee policy	13.70	15.32	14.78	13.92	12.73	(1.62)	0.54
PS1 100/100 guarantee policy	—	15.05	14.55	13.73	12.57	—	0.50

Moderate Income Fund (Franklin Templeton) SF811

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Moderate Income Fund (Franklin Templeton) SF811 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Moderate Income Fund (Franklin Templeton) SF811

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Moderate Income Fund (Franklin Templeton) SF811

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Moderate Income Fund (Franklin Templeton) SF811

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Moderate Income Fund (Franklin Templeton) SF811

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Moderate Income Fund (Franklin Templeton) SF811

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Moderate Income Fund (Franklin Templeton) SF811

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Moderate Income Fund (Franklin Templeton) SF811

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Moderate Income Fund (Franklin Templeton) SF811

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Moderate Income Fund (Franklin Templeton) SF811

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2022.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Moderate Income Fund (Franklin Templeton) SF811

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Moderate Income Fund (Franklin Templeton) SF811

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.68	2.68	2.68	2.69	2.71
75/100 guarantee policy	2.73	2.73	2.74	2.74	2.76
100/100 guarantee policy	2.88	2.89	2.89	2.90	2.92
PS1 75/75 guarantee policy	2.08	2.09	2.09	2.10	2.11
PS1 75/100 guarantee policy	2.14	2.15	2.15	2.15	2.16
PS1 100/100 guarantee policy	—	2.31	2.31	2.32	2.33

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	1.42	0.45	7.01	10.29	5.71

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
BALANCED FUND (MACKENZIE) SF812

December 31, 2022

Independent Auditor's Report

To the Contractholders of Balanced Fund (Mackenzie) SF812 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Balanced Fund (Mackenzie) SF812

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	25,429	31,131
Total investments	25,429	31,131
Total assets	\$ 25,429	\$ 31,131
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 25,429	\$ 31,131

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (2,059)	\$ 3,805
Miscellaneous income (loss)	—	—
Total income (loss)	(2,059)	3,805
Expenses		
Management fees (note 8)	759	863
Other	83	94
Total expenses	842	957
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (2,901)	\$ 2,848

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 31,131	\$ 31,681
Contractholder deposits	58	66
Contractholder withdrawals	(2,859)	(3,464)
Increase (decrease) in net assets from operations attributable to contractholders	(2,901)	2,848
Change in net assets attributable to contractholders	(5,702)	(550)
Net assets attributable to contractholders - end of year	\$ 25,429	\$ 31,131

Balanced Fund (Mackenzie) SF812

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (2,901)	\$ 2,848
Adjustments		
Realized (gains) losses	(1,611)	(2,430)
Unrealized (gains) losses	3,670	(1,375)
Gross proceeds of disposition of investments	3,769	4,989
Gross payments for the purchase of investments	(126)	(634)
	<u>2,801</u>	<u>3,398</u>
Financing Activities		
Contractholder deposits	58	66
Contractholder withdrawals	(2,859)	(3,464)
	<u>(2,801)</u>	<u>(3,398)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Balanced Fund (Mackenzie) SF812

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Bond Fund (Mackenzie) SF501	8,398	10,156
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 1.50% 12-01-2031	7.14%	
Province of Ontario 3.75% 12-02-2053	4.95%	
Government of Canada 2.75% 08-01-2024	4.90%	
Government of Canada 2.00% 06-01-2032	4.19%	
Province of Quebec 4.40% 12-01-2055	3.11%	
Canadian Growth Fund (Mackenzie) SF518	3,172	6,871
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.00%	
The Toronto-Dominion Bank	6.53%	
Mackenzie US Large Cap Index ETF *	4.05%	
Canadian Natural Resources Ltd.	4.03%	
Bank of Montreal	3.85%	
Canadian Large Cap Equity Index Fund (GWLIM) SF503	1,140	2,270
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.65%	
The Toronto-Dominion Bank	6.86%	
Enbridge Inc.	4.66%	
Canadian National Railway Co.	4.27%	
Canadian Pacific Railway Ltd.	4.08%	
Global Value Fund (Mackenzie) SF514	1,592	2,306
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Oracle Corp.	3.09%	
Exxon Mobil Corp.	2.89%	
Salesforce Inc.	2.82%	
SNC-Lavalin Group Inc.	2.75%	
Chevron Corp.	2.65%	
Ivy Foreign Equity Fund (Mackenzie) SF359	1,025	2,304
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	11.86%	
Danaher Corp.	3.47%	
Seven & I Holdings Co. Ltd.	3.44%	
Johnson & Johnson Inc.	3.26%	
Amcor PLC	3.02%	

*The issuer of this security is a related company to the issuer of the Fund.

Balanced Fund (Mackenzie) SF812

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
U.S. Equity Index Fund (GWLIM) SF512	511	1,522
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Apple Inc.	6.00%	
Microsoft Corp.	5.48%	
Amazon.com Inc.	2.29%	
Berkshire Hathaway Inc. Class B	1.71%	
Alphabet Inc. Class A	1.63%	
Total Investments	15,838	25,429

Balanced Fund (Mackenzie) SF812

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	203,261	221,275	270,472	298,934	317,502	3,223	3,877	4,331	4,490	4,290
75/100 guarantee policy	1,243,682	1,388,252	1,549,842	1,747,300	1,960,425	19,585	24,164	24,671	26,108	26,364
100/100 guarantee policy	25,061	25,266	28,366	33,993	54,467	386	431	443	499	721
PS1 75/75 guarantee policy	42,671	43,470	16,440	16,665	46,337	670	750	258	243	606
PS1 75/100 guarantee policy	79,249	89,487	92,840	91,443	94,396	1,237	1,535	1,448	1,331	1,229
PS1 100/100 guarantee policy	—	—	—	—	1,551	—	—	—	—	20
PS2 75/100 guarantee policy	15,385	16,293	26,373	26,701	28,491	315	357	512	472	439
PS 75/75 guarantee policy	844	938	1,027	1,126	1,222	10	12	12	12	11
PS 75/100 guarantee policy	289	408	525	659	605	3	5	6	7	6

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	15.86	17.52	16.01	15.02	13.51	(1.66)	1.51
75/100 guarantee policy	15.75	17.41	15.92	14.94	13.45	(1.66)	1.49
100/100 guarantee policy	15.39	17.04	15.61	14.67	13.23	(1.65)	1.43
PS1 75/75 guarantee policy	15.70	17.25	15.67	14.62	13.07	(1.55)	1.58
PS1 75/100 guarantee policy	15.61	17.16	15.60	14.56	13.02	(1.55)	1.56
PS1 100/100 guarantee policy	—	—	—	—	12.96	—	—
PS2 75/100 guarantee policy	20.48	21.93	19.44	17.68	15.42	(1.45)	2.49
PS 75/75 guarantee policy	11.49	12.55	11.35	10.53	9.37	(1.06)	1.20
PS 75/100 guarantee policy	11.46	12.53	11.34	10.52	9.37	(1.07)	1.19

Balanced Fund (Mackenzie) SF812

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Balanced Fund (Mackenzie) SF812 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Balanced Fund (Mackenzie) SF812

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Balanced Fund (Mackenzie) SF812

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Balanced Fund (Mackenzie) SF812

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Balanced Fund (Mackenzie) SF812

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Balanced Fund (Mackenzie) SF812

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Balanced Fund (Mackenzie) SF812

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Balanced Fund (Mackenzie) SF812

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Balanced Fund (Mackenzie) SF812

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Balanced Fund (Mackenzie) SF812

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2022.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Balanced Fund (Mackenzie) SF812

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Balanced Fund (Mackenzie) SF812

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	3.10	3.10	3.09	3.09	3.10
75/100 guarantee policy	3.15	3.15	3.15	3.15	3.16
100/100 guarantee policy	3.30	3.31	3.31	3.30	3.32
PS1 75/75 guarantee policy	2.52	2.51	2.50	2.49	2.50
PS1 75/100 guarantee policy	2.58	2.58	2.55	2.55	2.56
PS1 100/100 guarantee policy	—	—	—	—	2.73
PS 75/75 guarantee policy	2.00	2.00	1.99	1.99	1.98
PS 75/100 guarantee policy	2.05	2.05	2.04	2.03	2.03

Unsubsidized Management Expense Ratio (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
PS1 75/75 guarantee policy	2.52	2.51	2.53	2.51	2.52
PS1 75/100 guarantee policy	2.58	2.58	2.58	2.57	2.58
PS1 100/100 guarantee policy	—	—	—	—	2.75

Portfolio Turnover Rate (%) ⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	0.45	2.02	8.60	5.33	5.41

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
BALANCED INCOME FUND (MACKENZIE) SF813

December 31, 2022

Independent Auditor's Report

To the Contractholders of Balanced Income Fund (Mackenzie) SF813 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Balanced Income Fund (Mackenzie) SF813

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	17,286	21,567
Total investments	17,286	21,567
Total assets	\$ 17,286	\$ 21,567
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 17,286	\$ 21,567

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (1,398)	\$ 2,398
Miscellaneous income (loss)	—	—
Total income (loss)	(1,398)	2,398
Expenses		
Management fees (note 8)	468	561
Other	53	64
Total expenses	521	625
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (1,919)	\$ 1,773

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 21,567	\$ 22,403
Contractholder deposits	189	158
Contractholder withdrawals	(2,551)	(2,767)
Increase (decrease) in net assets from operations attributable to contractholders	(1,919)	1,773
Change in net assets attributable to contractholders	(4,281)	(836)
Net assets attributable to contractholders - end of year	\$ 17,286	\$ 21,567

Balanced Income Fund (Mackenzie) SF813

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (1,919)	\$ 1,773
Adjustments		
Realized (gains) losses	(1,386)	(1,666)
Unrealized (gains) losses	2,784	(732)
Gross proceeds of disposition of investments	3,554	3,849
Gross payments for the purchase of investments	(671)	(615)
	<u>2,362</u>	<u>2,609</u>
Financing Activities		
Contractholder deposits	189	158
Contractholder withdrawals	(2,551)	(2,767)
	<u>(2,362)</u>	<u>(2,609)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Balanced Income Fund (Mackenzie) SF813

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Bond Fund (Mackenzie) SF501	6,744	7,802
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 1.50% 12-01-2031	7.14%	
Province of Ontario 3.75% 12-02-2053	4.95%	
Government of Canada 2.75% 08-01-2024	4.90%	
Government of Canada 2.00% 06-01-2032	4.19%	
Province of Quebec 4.40% 12-01-2055	3.11%	
Canadian Growth Fund (Mackenzie) SF518	2,042	4,253
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.00%	
The Toronto-Dominion Bank	6.53%	
Mackenzie US Large Cap Index ETF *	4.05%	
Canadian Natural Resources Ltd.	4.03%	
Bank of Montreal	3.85%	
Canadian Large Cap Equity Index Fund (GWLIM) SF503	747	1,407
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.65%	
The Toronto-Dominion Bank	6.86%	
Enbridge Inc.	4.66%	
Canadian National Railway Co.	4.27%	
Canadian Pacific Railway Ltd.	4.08%	
Global Value Fund (Mackenzie) SF514	1,057	1,435
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Oracle Corp.	3.09%	
Exxon Mobil Corp.	2.89%	
Salesforce Inc.	2.82%	
SNC-Lavalin Group Inc.	2.75%	
Chevron Corp.	2.65%	
Ivy Foreign Equity Fund (Mackenzie) SF359	745	1,447
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	11.86%	
Danaher Corp.	3.47%	
Seven & I Holdings Co. Ltd.	3.44%	
Johnson & Johnson Inc.	3.26%	
Amcor PLC	3.02%	

*The issuer of this security is a related company to the issuer of the Fund.

Balanced Income Fund (Mackenzie) SF813

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
U.S. Equity Index Fund (GWLIM) SF512	373	942
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Apple Inc.	6.00%	
Microsoft Corp.	5.48%	
Amazon.com Inc.	2.29%	
Berkshire Hathaway Inc. Class B	1.71%	
Alphabet Inc. Class A	1.63%	
Total Investments	11,708	17,286

Balanced Income Fund (Mackenzie) SF813

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	102,947	109,017	126,751	143,053	155,296	1,603	1,879	2,017	2,139	2,098
75/100 guarantee policy	806,788	863,451	992,699	1,217,576	1,396,174	12,491	14,809	15,727	18,125	18,789
100/100 guarantee policy	7,439	7,751	11,258	12,325	13,272	113	130	175	180	176
PS1 75/75 guarantee policy	14,640	16,338	14,161	24,886	22,845	224	276	219	360	297
PS1 75/100 guarantee policy	177,579	256,683	266,770	217,048	302,749	2,707	4,310	4,114	3,126	3,918
PS1 100/100 guarantee policy	9,870	9,870	9,870	9,870	9,870	148	163	150	141	126
PS 75/100 guarantee policy	—	—	83	294	—	—	—	1	3	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	15.57	17.24	15.92	14.95	13.51	(1.67)	1.32
75/100 guarantee policy	15.48	17.15	15.84	14.89	13.46	(1.67)	1.31
100/100 guarantee policy	15.12	16.78	15.53	14.62	13.23	(1.66)	1.25
PS1 75/75 guarantee policy	15.33	16.88	15.49	14.46	12.99	(1.55)	1.39
PS1 75/100 guarantee policy	15.24	16.79	15.42	14.40	12.94	(1.55)	1.37
PS1 100/100 guarantee policy	14.98	16.52	15.20	14.22	12.80	(1.54)	1.32
PS 75/100 guarantee policy	—	—	11.34	10.54	—	—	—

Balanced Income Fund (Mackenzie) SF813

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Balanced Income Fund (Mackenzie) SF813 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Balanced Income Fund (Mackenzie) SF813

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Balanced Income Fund (Mackenzie) SF813

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Balanced Income Fund (Mackenzie) SF813

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Balanced Income Fund (Mackenzie) SF813

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Balanced Income Fund (Mackenzie) SF813

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Balanced Income Fund (Mackenzie) SF813

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Balanced Income Fund (Mackenzie) SF813

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Balanced Income Fund (Mackenzie) SF813

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Balanced Income Fund (Mackenzie) SF813

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2022.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Balanced Income Fund (Mackenzie) SF813

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Balanced Income Fund (Mackenzie) SF813

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.95	2.96	2.96	2.95	2.96
75/100 guarantee policy	3.00	3.00	3.00	2.99	3.00
100/100 guarantee policy	3.17	3.17	3.17	3.16	3.18
PS1 75/75 guarantee policy	2.37	2.36	2.35	2.34	2.34
PS1 75/100 guarantee policy	2.43	2.42	2.40	2.39	2.40
PS1 100/100 guarantee policy	2.59	2.59	2.57	2.56	2.57
PS 75/100 guarantee policy	—	—	1.89	1.89	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
PS1 75/75 guarantee policy	2.37	2.36	2.38	2.36	2.36
PS1 75/100 guarantee policy	2.43	2.42	2.43	2.41	2.42
PS1 100/100 guarantee policy	2.59	2.59	2.60	2.58	2.59

Portfolio Turnover Rate (%) ⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	3.66	2.80	10.12	3.15	2.34

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
MODERATE GROWTH FUND (MACKENZIE) SF814

December 31, 2022

Independent Auditor's Report

To the Contractholders of Moderate Growth Fund (Mackenzie) SF814 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Moderate Growth Fund (Mackenzie) SF814

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	13,530	17,211
Total investments	13,530	17,211
Total assets	\$ 13,530	\$ 17,211
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 13,530	\$ 17,211

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (1,269)	\$ 1,623
Miscellaneous income (loss)	—	—
Total income (loss)	(1,269)	1,623
Expenses		
Management fees (note 8)	374	472
Other	40	52
Total expenses	414	524
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (1,683)	\$ 1,099

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 17,211	\$ 21,406
Contractholder deposits	19	51
Contractholder withdrawals	(2,017)	(5,345)
Increase (decrease) in net assets from operations attributable to contractholders	(1,683)	1,099
Change in net assets attributable to contractholders	(3,681)	(4,195)
Net assets attributable to contractholders - end of year	\$ 13,530	\$ 17,211

Moderate Growth Fund (Mackenzie) SF814

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (1,683)	\$ 1,099
Adjustments		
Realized (gains) losses	(880)	(2,426)
Unrealized (gains) losses	2,149	803
Gross proceeds of disposition of investments	2,414	6,250
Gross payments for the purchase of investments	(2)	(432)
	<u>1,998</u>	<u>5,294</u>
Financing Activities		
Contractholder deposits	19	51
Contractholder withdrawals	(2,017)	(5,345)
	<u>(1,998)</u>	<u>(5,294)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Moderate Growth Fund (Mackenzie) SF814

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Bond Fund (Mackenzie) SF501	6,153	7,474
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 1.50% 12-01-2031	7.14%	
Province of Ontario 3.75% 12-02-2053	4.95%	
Government of Canada 2.75% 08-01-2024	4.90%	
Government of Canada 2.00% 06-01-2032	4.19%	
Province of Quebec 4.40% 12-01-2055	3.11%	
Canadian Growth Fund (Mackenzie) SF518	1,310	2,720
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.00%	
The Toronto-Dominion Bank	6.53%	
Mackenzie US Large Cap Index ETF *	4.05%	
Canadian Natural Resources Ltd.	4.03%	
Bank of Montreal	3.85%	
Canadian Large Cap Equity Index Fund (GWLIM) SF503	473	895
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.65%	
The Toronto-Dominion Bank	6.86%	
Enbridge Inc.	4.66%	
Canadian National Railway Co.	4.27%	
Canadian Pacific Railway Ltd.	4.08%	
Global Value Fund (Mackenzie) SF514	675	915
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Oracle Corp.	3.09%	
Exxon Mobil Corp.	2.89%	
Salesforce Inc.	2.82%	
SNC-Lavalin Group Inc.	2.75%	
Chevron Corp.	2.65%	
Ivy Foreign Equity Fund (Mackenzie) SF359	458	923
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	11.86%	
Danaher Corp.	3.47%	
Seven & I Holdings Co. Ltd.	3.44%	
Johnson & Johnson Inc.	3.26%	
Amcor PLC	3.02%	

*The issuer of this security is a related company to the issuer of the Fund.

Moderate Growth Fund (Mackenzie) SF814

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
U.S. Equity Index Fund (GWLIM) SF512	235	603
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Apple Inc.	6.00%	
Microsoft Corp.	5.48%	
Amazon.com Inc.	2.29%	
Berkshire Hathaway Inc. Class B	1.71%	
Alphabet Inc. Class A	1.63%	
Total Investments	9,304	13,530

Moderate Growth Fund (Mackenzie) SF814

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	108,560	114,912	263,077	326,754	359,355	1,608	1,894	4,096	4,744	4,762
75/100 guarantee policy	686,121	788,046	873,120	992,708	1,194,937	10,095	12,909	13,516	14,340	15,761
100/100 guarantee policy	31,506	33,275	37,286	58,633	61,676	453	534	566	832	800
PS1 75/75 guarantee policy	9,107	9,107	8,294	4,741	—	132	145	125	66	—
PS1 75/100 guarantee policy	64,319	83,487	146,647	164,390	188,650	925	1,328	2,191	2,278	2,372
PS1 100/100 guarantee policy	17,799	20,945	32,201	43,510	47,780	251	328	474	595	594
PS2 75/100 guarantee policy	—	—	11,515	9,996	10,150	—	—	209	165	149
PS2 100/100 guarantee policy	—	—	8,786	7,526	6,136	—	—	160	124	90
PS 75/100 guarantee policy	5,946	5,976	6,007	6,038	6,070	66	73	69	64	58

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	14.81	16.48	15.57	14.52	13.25	(1.67)	0.91
75/100 guarantee policy	14.71	16.38	15.48	14.44	13.19	(1.67)	0.90
100/100 guarantee policy	14.38	16.04	15.18	14.19	12.98	(1.66)	0.86
PS1 75/75 guarantee policy	14.46	15.99	15.01	13.92	—	(1.53)	0.98
PS1 75/100 guarantee policy	14.37	15.91	14.94	13.86	12.58	(1.54)	0.97
PS1 100/100 guarantee policy	14.12	15.65	14.73	13.68	12.44	(1.53)	0.92
PS2 75/100 guarantee policy	—	—	18.20	16.49	14.63	—	—
PS2 100/100 guarantee policy	—	—	18.19	16.49	14.63	—	—
PS 75/100 guarantee policy	11.11	12.23	11.43	10.55	9.53	(1.12)	0.80

Moderate Growth Fund (Mackenzie) SF814

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Moderate Growth Fund (Mackenzie) SF814 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Moderate Growth Fund (Mackenzie) SF814

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Moderate Growth Fund (Mackenzie) SF814

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Moderate Growth Fund (Mackenzie) SF814

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Moderate Growth Fund (Mackenzie) SF814

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Moderate Growth Fund (Mackenzie) SF814

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Moderate Growth Fund (Mackenzie) SF814

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Moderate Growth Fund (Mackenzie) SF814

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Moderate Growth Fund (Mackenzie) SF814

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Moderate Growth Fund (Mackenzie) SF814

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2022.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Moderate Growth Fund (Mackenzie) SF814

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Moderate Growth Fund (Mackenzie) SF814

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.84	2.86	2.86	2.85	2.86
75/100 guarantee policy	2.89	2.90	2.91	2.91	2.92
100/100 guarantee policy	3.05	3.06	3.07	3.06	3.08
PS1 75/75 guarantee policy	2.24	2.25	2.23	2.21	—
PS1 75/100 guarantee policy	2.30	2.32	2.29	2.29	2.28
PS1 100/100 guarantee policy	2.47	2.48	2.46	2.45	2.46
PS 75/100 guarantee policy	1.78	1.79	1.79	1.79	1.79

Unsubsidized Management Expense Ratio (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
PS1 75/75 guarantee policy	2.24	2.25	2.26	2.23	—
PS1 75/100 guarantee policy	2.30	2.32	2.32	2.31	2.30
PS1 100/100 guarantee policy	2.47	2.48	2.49	2.47	2.48

Portfolio Turnover Rate (%) ⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	0.02	2.26	7.98	3.56	3.82

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
MODERATE INCOME FUND (MACKENZIE) SF815

December 31, 2022

Independent Auditor's Report

To the Contractholders of Moderate Income Fund (Mackenzie) SF815 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Moderate Income Fund (Mackenzie) SF815

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	16,469	20,490
Total investments	16,469	20,490
Total assets	\$ 16,469	\$ 20,490
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 16,469	\$ 20,490

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (1,639)	\$ 1,316
Miscellaneous income (loss)	—	—
Total income (loss)	(1,639)	1,316
Expenses		
Management fees (note 8)	411	499
Other	44	54
Total expenses	455	553
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (2,094)	\$ 763

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 20,490	\$ 23,040
Contractholder deposits	195	174
Contractholder withdrawals	(2,122)	(3,487)
Increase (decrease) in net assets from operations attributable to contractholders	(2,094)	763
Change in net assets attributable to contractholders	(4,021)	(2,550)
Net assets attributable to contractholders - end of year	\$ 16,469	\$ 20,490

Moderate Income Fund (Mackenzie) SF815

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (2,094)	\$ 763
Adjustments		
Realized (gains) losses	(975)	(1,525)
Unrealized (gains) losses	2,614	209
Gross proceeds of disposition of investments	3,036	3,988
Gross payments for the purchase of investments	(654)	(122)
	<u>1,927</u>	<u>3,313</u>
Financing Activities		
Contractholder deposits	195	174
Contractholder withdrawals	(2,122)	(3,487)
	<u>(1,927)</u>	<u>(3,313)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Moderate Income Fund (Mackenzie) SF815

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Bond Fund (Mackenzie) SF501	8,936	10,746
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 1.50% 12-01-2031	7.14%	
Province of Ontario 3.75% 12-02-2053	4.95%	
Government of Canada 2.75% 08-01-2024	4.90%	
Government of Canada 2.00% 06-01-2032	4.19%	
Province of Quebec 4.40% 12-01-2055	3.11%	
Canadian Growth Fund (Mackenzie) SF518	1,281	2,566
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.00%	
The Toronto-Dominion Bank	6.53%	
Mackenzie US Large Cap Index ETF *	4.05%	
Canadian Natural Resources Ltd.	4.03%	
Bank of Montreal	3.85%	
Canadian Large Cap Equity Index Fund (GWLIM) SF503	465	848
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.65%	
The Toronto-Dominion Bank	6.86%	
Enbridge Inc.	4.66%	
Canadian National Railway Co.	4.27%	
Canadian Pacific Railway Ltd.	4.08%	
Global Value Fund (Mackenzie) SF514	648	867
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Oracle Corp.	3.09%	
Exxon Mobil Corp.	2.89%	
Salesforce Inc.	2.82%	
SNC-Lavalin Group Inc.	2.75%	
Chevron Corp.	2.65%	
Ivy Foreign Equity Fund (Mackenzie) SF359	442	873
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	11.86%	
Danaher Corp.	3.47%	
Seven & I Holdings Co. Ltd.	3.44%	
Johnson & Johnson Inc.	3.26%	
Amcor PLC	3.02%	

*The issuer of this security is a related company to the issuer of the Fund.

Moderate Income Fund (Mackenzie) SF815

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
U.S. Equity Index Fund (GWLIM) SF512	246	569
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Apple Inc.	6.00%	
Microsoft Corp.	5.48%	
Amazon.com Inc.	2.29%	
Berkshire Hathaway Inc. Class B	1.71%	
Alphabet Inc. Class A	1.63%	
Total Investments	12,018	16,469

Moderate Income Fund (Mackenzie) SF815

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	87,890	93,101	106,436	114,025	157,215	1,240	1,469	1,621	1,619	2,055
75/100 guarantee policy	836,761	953,630	1,115,089	1,242,398	1,418,033	11,719	14,949	16,882	17,542	18,441
100/100 guarantee policy	3,897	14,235	18,599	33,821	37,402	53	219	276	470	479
PS1 75/75 guarantee policy	1,880	2,003	2,121	2,265	2,392	26	30	31	31	30
PS1 75/100 guarantee policy	243,150	242,631	267,665	291,822	301,999	3,294	3,657	3,873	3,914	3,708
PS1 100/100 guarantee policy	10,260	11,092	11,092	11,092	10,260	137	165	158	147	125
PS2 75/100 guarantee policy	—	—	11,130	32,806	56,343	—	—	194	518	797
PS 75/100 guarantee policy	—	90	426	788	—	—	1	5	8	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	14.11	15.78	15.23	14.20	13.07	(1.67)	0.55
75/100 guarantee policy	14.01	15.68	15.14	14.12	13.00	(1.67)	0.54
100/100 guarantee policy	13.71	15.37	14.87	13.89	12.81	(1.66)	0.50
PS1 75/75 guarantee policy	13.63	15.16	14.54	13.47	12.32	(1.53)	0.62
PS1 75/100 guarantee policy	13.55	15.07	14.47	13.41	12.28	(1.52)	0.60
PS1 100/100 guarantee policy	13.31	14.84	14.27	13.25	12.15	(1.53)	0.57
PS2 75/100 guarantee policy	—	—	17.40	15.79	14.15	—	—
PS 75/100 guarantee policy	—	12.00	11.46	10.57	—	—	0.54

Moderate Income Fund (Mackenzie) SF815

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Moderate Income Fund (Mackenzie) SF815 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Moderate Income Fund (Mackenzie) SF815

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Moderate Income Fund (Mackenzie) SF815

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Moderate Income Fund (Mackenzie) SF815

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Moderate Income Fund (Mackenzie) SF815

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Moderate Income Fund (Mackenzie) SF815

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Moderate Income Fund (Mackenzie) SF815

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Moderate Income Fund (Mackenzie) SF815

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Moderate Income Fund (Mackenzie) SF815

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Moderate Income Fund (Mackenzie) SF815

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2022.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Moderate Income Fund (Mackenzie) SF815

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Moderate Income Fund (Mackenzie) SF815

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.67	2.68	2.67	2.67	2.68
75/100 guarantee policy	2.73	2.73	2.73	2.73	2.74
100/100 guarantee policy	2.92	2.89	2.89	2.88	2.90
PS1 75/75 guarantee policy	2.08	2.08	2.05	2.05	2.03
PS1 75/100 guarantee policy	2.13	2.14	2.11	2.11	2.12
PS1 100/100 guarantee policy	2.30	2.30	2.28	2.27	2.28
PS 75/100 guarantee policy	—	1.63	1.62	1.61	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
PS1 75/75 guarantee policy	2.08	2.08	2.08	2.07	2.05
PS1 75/100 guarantee policy	2.13	2.14	2.14	2.13	2.14
PS1 100/100 guarantee policy	2.30	2.30	2.31	2.29	2.30

Portfolio Turnover Rate (%) ⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	3.70	0.54	9.31	5.61	3.29

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
SHORT TERM BOND FUND (PIM) SF816

December 31, 2022

Independent Auditor's Report

To the Contractholders of Short Term Bond Fund (PIM) SF816 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Short Term Bond Fund (PIM) SF816

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 3,852	\$ 1,332
Investment income due and accrued	426	337
Due from The Canada Life Assurance Company (note 8)	83	174
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	70,643	77,121
Stocks	1,160	560
Investment fund units	—	—
Derivatives (note 7)	1	—
Total investments	71,804	77,681
Total assets	\$ 76,165	\$ 79,524
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Derivatives (note 7)	—	3
Total liabilities excluding net assets attributable to contractholders	—	3
Net assets attributable to contractholders	\$ 76,165	\$ 79,521

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (2,712)	\$ 112
Miscellaneous income (loss)	49	13
Total income (loss)	(2,663)	125
Expenses		
Management fees (note 8)	87	117
Transaction costs	—	—
Withholding taxes	—	—
Other	12	14
Total expenses	99	131
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (2,762)	\$ (6)

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year		
	\$ 79,521	\$ 25,845
Contractholder deposits	7,172	60,737
Contractholder withdrawals	(7,766)	(7,055)
Increase (decrease) in net assets from operations attributable to contractholders	(2,762)	(6)
Change in net assets attributable to contractholders	(3,356)	53,676
Net assets attributable to contractholders - end of year	\$ 76,165	\$ 79,521

Short Term Bond Fund (PIM) SF816

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (2,762)	\$ (6)
Adjustments		
Add back amortization of premium (discount)	(53)	—
Realized (gains) losses	1,584	298
Unrealized (gains) losses	2,992	868
Gross proceeds of disposition of investments	47,453	37,721
Gross payments for the purchase of investments	(46,102)	(91,453)
Change in investment income due and accrued	(89)	(211)
Change in due from/to The Canada Life Assurance Company	91	(186)
Change in due from/to brokers	—	—
Change in due from/to outside parties	—	—
	<u>3,114</u>	<u>(52,969)</u>
Financing Activities		
Contractholder deposits	7,172	60,737
Contractholder withdrawals	(7,766)	(7,055)
	<u>(594)</u>	<u>53,682</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	2,520	713
Cash, short-term deposits and overdrafts, beginning of year	1,332	619
Cash, short-term deposits and overdrafts, end of year	<u>\$ 3,852</u>	<u>\$ 1,332</u>
Supplementary cash flow information		
Interest income received	\$ 1,666	\$ 1,037
Dividend income received	24	21

Short Term Bond Fund (PIM) SF816

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds			
Federal Government			
Canada Housing Trust No. 1 0.95% 06-15-2025	298,000	301	277
Canada Housing Trust No. 1 2.25% 12-15-2025	860,000	892	821
Canada Housing Trust No. 1 2.90% 06-15-2024	337,000	364	330
Canada Housing Trust No. 1 Floating Rate 09-15-2026	970,000	970	967
Government of Canada 0.25% 03-01-2026	16,000	14	14
Government of Canada 0.75% 10-01-2024	1,761,000	1,734	1,664
Government of Canada 1.25% 03-01-2027	983,000	929	899
Government of Canada 1.50% 06-01-2031	9,319,000	8,494	8,084
Government of Canada 2.25% 12-01-2029	90,000	90	84
Government of Canada 4.25% 12-01-2026 Real Return	600,000	1,203	1,159
Total Federal Government		14,991	14,299
Provincial Government			
Province of Alberta 2.20% 06-01-2026	1,260,000	1,197	1,191
Province of Alberta 2.35% 06-01-2025	88,000	94	85
Province of Newfoundland and Labrador 1.25% 06-02-2027	114,000	114	102
Province of Ontario 1.55% 11-01-2029	474,000	473	407
Province of Ontario 2.60% 09-08-2023	882,000	927	870
Province of Ontario 3.60% 03-08-2028	30,000	30	30
Province of Quebec 2.25% 02-22-2024	107,000	112	104
Province of Quebec 2.75% 09-01-2025	3,014,000	3,225	2,917
Province of Quebec 3.65% 05-20-2032	31,000	31	30
Province of Quebec 3.75% 09-01-2024	225,000	251	223
Province of Saskatchewan 0.80% 09-02-2025	146,000	146	134
Province of Saskatchewan 2.65% 06-02-2027	1,260,000	1,203	1,200
Total Provincial Government		7,803	7,293
Corporate - Non-convertible			
407 International Inc. 1.80% 05-22-2025	100,000	103	94
407 International Inc. 4.22% 02-14-2028	14,000	14	14
AIMCo Realty Investors LP 2.195% 11-04-2026	64,000	64	58
AIMCo Realty Investors LP 3.367% 06-01-2027	1,580,000	1,497	1,496
AltaGas Ltd. 2.157% 06-10-2025	6,000	6	6
AltaGas Ltd. 2.166% 03-16-2027	9,000	9	8
ARC Resources Ltd. 2.354% 03-10-2026	17,000	17	16

Short Term Bond Fund (PIM) SF816

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Athene Global Funding 3.127% 03-10-2025	63,000	63	60
Bank of Montreal 1.551% 05-28-2026	118,000	118	106
Bank of Montreal 1.758% 03-10-2026	534,000	538	484
Bank of Montreal 3.19% 03-01-2028	118,000	117	110
Bank of Montreal 3.65% 04-01-2027	130,000	130	124
Bank of Montreal 4.309% 06-01-2027	218,000	217	213
Bank of Montreal 4.709% 12-07-2027	169,000	169	167
Bank of Montreal 6.534% 10-27-2032	163,000	166	169
Bank of Montreal 7.325% 11-26-2082	66,000	66	66
BCI QuadReal Realty 1.056% 03-12-2024	45,000	45	43
BCI QuadReal Realty 1.073% 02-04-2026	474,000	424	422
Bell Canada Inc. 2.20% 05-29-2028	17,000	17	15
BMW Canada Inc. 0.99% 01-14-2025	16,000	16	15
Brookfield Property Finance ULC 3.926% 08-24-2025	347,000	357	326
Brookfield Renewable Energy Partners LP 3.63% 01-15-2027	4,000	5	4
Brookfield Renewable Energy Partners LP 3.752% 06-02-2025	78,000	85	76
Canada Housing Trust No. 1 Floating Rate 03-15-2026	506,000	507	506
Canada Housing Trust No. 1 Floating Rate 09-15-2024	3,000,000	3,023	3,013
Canadian Core Real Estate 3.299% 03-02-2027	69,000	69	63
Canadian Imperial Bank of Commerce 1.96% 04-21-2031	100,000	100	89
Canadian Imperial Bank of Commerce 2.75% 03-07-2025	231,000	224	220
Canadian Imperial Bank of Commerce 4.00% 01-28-2082	75,000	75	59
Canadian Imperial Bank of Commerce 4.20% 04-07-2032	59,000	58	56
Canadian Imperial Bank of Commerce 4.375% 10-28-2025	40,000	41	37
Canadian Imperial Bank of Commerce 4.95% 06-29-2027	209,000	210	209
Canadian Imperial Bank of Commerce 5.05% 10-07-2027	120,000	120	120
Canadian Imperial Bank of Commerce 7.15% 07-28-2082	63,000	63	62
Canadian Natural Resources Ltd. 1.45% 11-16-2023	910,000	915	883
Canadian Pacific Railway Ltd. 2.54% 02-28-2028	34,000	34	31
Canadian Western Bank 1.57% 09-14-2023	661,000	670	644
Canadian Western Bank 1.926% 04-16-2026	88,000	88	79
Canadian Western Bank 2.597% 09-06-2024	76,000	72	73
Canadian Western Bank 2.606% 01-30-2025	42,000	43	40
Canadian Western Bank 3.859% 04-21-2025	106,000	106	103
Canadian Western Bank 5.146% 09-02-2027	58,000	58	58
Canadian Western Bank 5.937% 12-22-2032	26,000	26	26
Capital Power Corp. 4.284% 09-18-2024	333,000	363	326

Short Term Bond Fund (PIM) SF816

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
CDP Financial Inc. 1.50% 10-19-2026	175,000	175	160
Cenovus Energy Inc. 3.50% 02-07-2028	10,000	10	9
Central 1 Credit Union 2.391% 06-30-2031	250,000	250	222
Central 1 Credit Union 2.584% 12-06-2023	900,000	932	877
CGI Inc. 2.10% 09-18-2028	9,000	9	8
CHIP Mortgage Trust 1.503% 11-15-2024	40,000	40	37
Choice Properties REIT 2.456% 11-30-2026	37,000	37	33
Coast Capital Savings Federal Credit Union 5.00% 05-03-2028	356,000	378	355
Coast Capital Savings Federal Credit Union 5.25% 10-29-2030	148,000	164	144
Daimler Canada Finance Inc. 1.65% 09-22-2025	31,000	31	28
Daimler Trucks Finance Canada Inc. 2.14% 12-13-2024	450,000	450	422
Dollarama Inc. 5.084% 10-27-2025	16,000	16	16
Dream Industrial REIT 1.662% 12-22-2025	42,000	42	37
Dream Industrial REIT 2.057% 06-17-2027	11,000	11	10
Dream Industrial REIT 2.539% 12-07-2026	49,000	49	44
Dream Industrial REIT 3.968% 04-13-2026	24,000	24	23
Enbridge Inc. 5.375% 09-27-2077	316,000	332	289
Equitable Bank 1.876% 11-26-2025	711,000	697	637
Equitable Bank 3.362% 03-02-2026	56,000	56	52
Federation des Caisses Desjardins du Quebec 1.093% 01-21-2026	1,395,000	1,289	1,241
Federation des Caisses Desjardins du Quebec 1.587% 09-10-2026	67,000	67	59
Federation des Caisses Desjardins du Quebec 4.407% 05-19-2027	95,000	95	93
Federation des Caisses Desjardins du Quebec 5.035% 08-23-2032	26,000	26	25
Federation des Caisses Desjardins du Quebec 5.20% 10-01-2025	101,000	101	101
First National Financial Corp. 2.961% 11-17-2025	126,000	127	116
First National Financial Corp. 3.582% 11-25-2024	83,000	86	79
Fortified Trust 1.964% 10-23-2026	150,000	150	134
Fortified Trust 3.76% 06-23-2025	79,000	79	76
Government of Canada 2.75% 08-01-2024	10,050,000	9,963	9,834
Granite REIT Holdings LP 2.194% 08-30-2028	15,000	15	13
H&R REIT 2.633% 02-19-2027	273,000	268	242
H&R REIT 2.906% 06-02-2026	16,000	16	15
Home Trust Co. 5.317% 06-13-2024	95,000	95	93
Honda Canada Finance Inc. 1.337% 03-17-2026	146,000	144	130
Honda Canada Finance Inc. 1.646% 02-25-2028	10,000	10	9
HSBC Bank Canada 3.403% 03-24-2025	136,000	136	132
iA Financial Corp. Inc. 2.40% 02-21-2025	5,000	5	5

Short Term Bond Fund (PIM) SF816

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Intact Financial Corp. 2.179% 05-18-2028	11,000	11	10
Intact Financial Corp. 4.125% 03-31-2081	20,000	20	17
Inter Pipeline Ltd. 2.608% 09-13-2023	841,000	867	824
Inter Pipeline Ltd. 5.76% 02-17-2028	8,000	8	8
John Deere Financial Inc. 1.63% 04-09-2026	5,000	5	5
John Deere Financial Inc. 2.41% 01-14-2025	300,000	306	285
Laurentian Bank of Canada 1.15% 06-03-2024	702,000	697	660
Laurentian Bank of Canada 1.603% 05-06-2026	21,000	21	19
Laurentian Bank of Canada 1.95% 03-17-2025	300,000	300	279
Laurentian Bank of Canada 4.60% 09-02-2025	99,000	99	97
Loblaw Companies Ltd. 5.008% 09-13-2032	11,000	11	11
Lower Mattagami Energy LP 3.42% 06-20-2024	401,000	433	392
Manulife Bank of Canada 1.536% 09-14-2026	103,000	103	91
Manulife Bank of Canada 2.844% 01-12-2023	584,000	609	584
Manulife Bank of Canada 2.864% 02-16-2027	24,000	24	22
Manulife Financial Corp. 3.049% 08-20-2029	433,000	458	415
Manulife Financial Corp. 7.117% 06-19-2082	88,000	88	86
MCAP Commercial LP 3.743% 08-25-2025	501,000	521	470
MCAP Commercial LP 4.151% 06-17-2024	360,000	379	349
Morguard Corp. 4.402% 09-28-2023	1,472,000	1,501	1,438
National Bank of Canada 1.534% 06-15-2026	42,000	42	38
National Bank of Canada 1.573% 08-18-2026	443,000	445	405
National Bank of Canada 2.983% 03-04-2024	141,000	138	137
National Bank of Canada 5.296% 11-03-2025	56,000	56	56
National Bank of Canada 5.426% 08-16-2032	129,000	129	128
North West Redwater Partnership 2.80% 06-01-2027	19,000	20	18
North West Redwater Partnership 3.20% 07-22-2024	230,000	230	223
Ontario Power Generation Inc. 2.893% 04-08-2025	77,000	81	74
Ontario Teachers' Finance Trust 4.45% 06-02-2032	13,000	13	13
Pembina Pipeline Corp. 2.56% 06-01-2023	1,800,000	1,840	1,779
Pembina Pipeline Corp. 2.99% 01-22-2024	53,000	54	52
Pembina Pipeline Corp. 3.71% 08-11-2026	917,000	968	873
Prime Structured Mortgage Trust 1.856% 11-15-2024	78,000	78	73
Reliance LP 2.67% 08-01-2028	14,000	14	12
Reliance LP 2.68% 12-01-2027	23,000	23	20
Reliance LP 3.75% 03-15-2026	355,000	382	336
RioCan REIT 1.974% 06-15-2026	827,000	812	731

Short Term Bond Fund (PIM) SF816

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
RioCan REIT 2.576% 02-12-2025	101,000	101	95
RioCan REIT 2.829% 11-08-2028	6,000	6	5
RioCan REIT 4.628% 05-01-2029	5,000	5	5
Rogers Communications Inc. 3.10% 04-15-2025	18,000	18	17
Royal Bank of Canada 2.14% 11-03-2031	109,000	109	96
Royal Bank of Canada 2.328% 01-28-2027	31,000	28	28
Royal Bank of Canada 2.352% 07-02-2024	42,000	42	40
Royal Bank of Canada 2.74% 07-25-2029	1,104,000	1,151	1,054
Royal Bank of Canada 2.88% 12-23-2029	95,000	99	90
Royal Bank of Canada 3.369% 09-29-2025	199,000	194	191
Royal Bank of Canada 4.50% 11-24-2080	241,000	253	223
Royal Bank of Canada 4.612% 07-26-2027	152,000	151	150
Royal Bank of Canada 5.235% 11-02-2026	90,000	90	91
Shaw Communications Inc. 3.80% 11-02-2023	345,000	370	340
Sienna Senior Living Inc. 2.82% 03-31-2027	5,000	5	4
Sienna Senior Living Inc. 3.109% 11-04-2024	133,000	137	126
Sienna Senior Living Inc. 3.45% 02-27-2026	363,000	377	338
Summit Industrial Income REIT 1.82% 04-01-2026	393,000	387	351
Summit Industrial Income REIT 2.25% 01-12-2027	7,000	7	6
Summit Industrial Income REIT 2.44% 07-14-2028	7,000	7	6
Sun Life Financial Inc. 2.38% 08-13-2029	88,000	91	84
Sun Life Financial Inc. 2.58% 05-10-2032	450,000	410	403
Sun Life Financial Inc. 2.80% 11-21-2033	29,000	29	25
Sun Life Financial Inc. 4.78% 08-10-2034	14,000	14	14
Teranet Holdings LP 3.544% 06-11-2025	375,000	397	358
The Bank of Nova Scotia 1.95% 01-10-2025	182,000	178	171
The Bank of Nova Scotia 2.29% 06-28-2024	193,000	202	186
The Bank of Nova Scotia 2.38% 05-01-2023	1,426,000	1,471	1,413
The Bank of Nova Scotia 2.95% 03-08-2027	319,000	300	295
The Bank of Nova Scotia 3.934% 05-03-2032	77,000	77	72
The Bank of Nova Scotia 5.50% 05-08-2026	138,000	138	140
The Bank of Nova Scotia 7.023% 07-27-2082	162,000	162	158
The Empire Life Insurance Co. 3.625% 04-17-2026	338,000	340	270
The Empire Life Insurance Co. 3.664% 03-15-2028 variable voting	73,000	75	73
The Toronto-Dominion Bank 1.888% 03-08-2028	21,000	21	18
The Toronto-Dominion Bank 2.26% 01-07-2027	65,000	65	59
The Toronto-Dominion Bank 2.496% 12-02-2024	670,000	699	638

Short Term Bond Fund (PIM) SF816

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
The Toronto-Dominion Bank 2.667% 09-09-2025	156,000	150	147
The Toronto-Dominion Bank 3.005% 05-30-2023	253,000	266	251
The Toronto-Dominion Bank 3.06% 01-26-2032	14,000	13	13
The Toronto-Dominion Bank 3.105% 04-22-2030	120,000	122	114
The Toronto-Dominion Bank 4.21% 06-01-2027	1,265,000	1,237	1,229
The Toronto-Dominion Bank 4.68% 01-08-2029	80,000	80	79
The Toronto-Dominion Bank 5.376% 10-21-2027	71,000	71	72
The Toronto-Dominion Bank 7.283% 10-31-2082	22,000	22	22
Toronto-Dominion Bank 4.34% 01-27-2026	167,000	166	164
Tourmaline Oil Corp. 2.077% 01-25-2028	2,000	2	2
Tourmaline Oil Corp. 2.529% 02-12-2029	8,000	8	7
Toyota Credit Canada Inc. 1.18% 02-23-2026	425,000	412	379
TransCanada PipeLines Ltd. Floating Rate 05-18-2077	359,000	370	321
Transcontinental Inc. 2.667% 02-03-2025	26,000	25	24
Vancouver Airport Fuel Facilities Corp. 2.168% 06-23-2025	8,000	8	7
WSP Global Inc. 2.408% 04-19-2028	17,000	17	15
Total Corporate - Non-convertible		50,444	48,098
Total Canadian Bonds		73,238	69,690
United States Bonds			
Corporate - Non-convertible			
Amazon.com Inc. 4.70% 12-01-2032	21,000	29	28
AT&T Inc. Floating Rate 03-25-2024	47,000	59	63
Athene Global Funding Floating Rate 04-09-2024	202,000	202	200
Bank of America Corp. 1.978% 09-15-2027	13,000	13	12
Bank of America Corp. 3.615% 03-16-2028	76,000	76	71
JPMorgan Chase & Co. 1.896% 03-05-2028	7,000	7	6
NextEra Energy Capital Holdings Inc. 1.90% 06-15-2028	10,000	12	12
PACCAR Financial Corp. 0.985% 05-14-2024	240,000	240	227
The Goldman Sachs Group Inc. 2.013% 02-28-2028	13,000	13	11
The Goldman Sachs Group Inc. 2.599% 11-30-2027	145,000	145	131
Verizon Communications Inc. Floating Rate 03-20-2026	61,000	76	81
Total Corporate - Non-convertible		894	861

Short Term Bond Fund (PIM) SF816

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Bonds (continued)			
Corporate - Non-convertible (continued)			
Wells Fargo & Co. 2.975% 05-19-2026	20,000	22	19
Total United States Bonds		894	861
Global Bonds			
Australia			
Transurban Finance Co. Pty Ltd. 4.555% 11-14-2028	20,000	22	19
Austria			
Suzano Austria GmbH 2.50% 09-15-2028	11,000	14	13
Japan			
Toyota Motor Corp. 1.339% 03-25-2026	41,000	51	50
Jersey			
Heathrow Funding Ltd. 2.694% 10-13-2027	11,000	11	10
Total Global Bonds		98	92
Total Bonds		74,230	70,643
Canadian Common Stock			
Exchange Traded Funds			
Mackenzie Canadian Short Term Bond Index ETF *	8,000	765	757
Mackenzie Emerging Markets Local Currency Bond Index ETF *	4,976	434	390
Total Canadian Common Stock		1,199	1,147
Canadian Preferred Stock			
Communication Services			
BCE Inc. 2.75% Preferred	77	1	1
BCE Inc. 3.61% Preferred	346	5	6

*The issuer of this security is a related company to the issuer of the Fund.

Short Term Bond Fund (PIM) SF816

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Preferred Stock (continued)			
Financials			
Brookfield Corp. 4.80% Preferred Conv.	192	5	4
Total Canadian Preferred Stock		11	11
Global Common Stock			
Bermuda			
Brookfield Renewable Partners LP 5.00% Preferred	108	3	2
Total Global Common Stock		3	2
Total Stocks		1,213	1,160

Short Term Bond Fund (PIM) SF816

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, contracts, shares, par value or contract price)

As at December 31, 2022

Schedule of Derivative Contracts

Futures Contracts

No. of Contracts	Average Contract Price	Futures Contracts	Maturity Date	Notional Amount	Price as at December 31	Unrealized Gain (Loss)
(2)	CAD	147.91 JPN 10Y BOND (OSE) 03-31-2023	March 31, 2023	JPY 290,920	CAD 145.46	1
Derivatives - Assets						1
Total Futures Contracts						1
Total Derivative Instruments at Fair Value						1
Total Investments					75,443	71,804

Short Term Bond Fund (PIM) SF816

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Short Term Bond Fund (PIM) SF816 (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2022 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2022

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 247	\$ 2	\$ 249	\$ 3
Other Currencies	—	3	3	—
Total	\$ 247	\$ 5	\$ 252	\$ 3
As Percent of Net Assets Attributable to Contractholders			0.3%	

*Includes both monetary and non-monetary instruments

Short Term Bond Fund (PIM) SF816

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

2021						
Currency	Investments	Cash, Short-term Deposits and Overdrafts			Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 475	\$ 64	\$ 539	\$ 5	\$ 5	
Total	\$ 475	\$ 64	\$ 539	\$ 5	\$ 5	
As Percent of Net Assets Attributable to Contractholders					0.7%	

**Includes both monetary and non-monetary instruments*

D. Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Due to the nature of short-term fixed income securities with a remaining term-to-maturity of less than one year, these investments are not generally exposed to a significant risk that their value will fluctuate in response to changes in the prevailing levels of market interest rates. The risk is professionally managed at the security and fund level by the Company.

The table below summarizes the Fund's exposure to interest rate risk by remaining term-to-maturity.

2022						
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total	
Bonds	\$ 9,903	\$ 46,577	\$ 12,821	\$ 1,342	\$ 70,643	

2021						
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total	
Bonds	\$ 3,729	\$ 62,940	\$ 8,376	\$ 2,076	\$ 77,121	

As at December 31, 2022, had prevailing interest rates increased or decreased by 1% assuming a parallel shift in the yield curve, with all other variables held constant, net assets attributable to contractholders would have decreased or increased, respectively, by approximately \$1,921 (\$2,030 at December 31, 2021) or approximately 2.5% (2.6% at December 31, 2021). The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual results may differ and the difference could be significant.

E. Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt instruments includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt instruments represents the maximum credit risk exposure as at December 31, 2022. The amount of credit risk to any one issuer may be determined from the information reported in the Schedule of Investment Portfolio. The Fund may invest in short-term fixed income securities issued or guaranteed primarily by the Government of Canada or any Canadian provincial government, obligations of Canadian chartered banks or trust companies, and commercial paper with approved credit ratings. The risk of default on these short-term fixed income securities is considered low. The Company monitors credit risk and credit ratings on a regular basis. All new counterparties to financial instruments are subject to an approval process.

Short Term Bond Fund (PIM) SF816

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Credit Risk (continued)

There was no change in fair values of financial liabilities as a result of changes in credit risks during 2022 or 2021.

All transactions in listed securities are settled and paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Credit ratings disclosed below are obtained from independent rating agencies including DBRS, Standard & Poor's, Moody's Investors Service and Fitch Ratings. The lowest rating provided by the agencies is used.

Debt securities by credit rating are as follows:

	2022		2021	
	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)
AAA	9.1	8.4	17.1	16.5
AA	41.0	38.0	23.7	23.0
A	24.7	22.9	20.9	20.2
BBB	22.7	21.0	37.5	36.4
BB and lower	2.5	2.3	0.6	0.6
NR *	—	—	0.2	0.2
Total	100.0	92.6	100.0	96.9

*Bonds disclosed as NR are mortgage backed securities or privately placed bonds or bonds that have not been rated by a rating agency.

F. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2022, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$12 (\$6 at December 31, 2021) or approximately 0.0% (0.0% at December 31, 2021) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

Short Term Bond Fund (PIM) SF816

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

G. Fair Value Classification

The following table presents information about the Fund's assets and liabilities measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

	2022			
	Assets and Liabilities Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Bonds	\$ —	\$ 70,643	\$ —	\$ 70,643
Stocks	1,160	—	—	1,160
Derivatives	1	—	—	1
Total assets measured at fair value	\$ 1,161	\$ 70,643	\$ —	\$ 71,804
Liabilities measured at fair value				
Derivatives ⁽¹⁾	\$ —	\$ —	\$ —	\$ —
Net assets attributable to contractholders measured at fair value	\$ 1,161	\$ 70,643	\$ —	\$ 71,804

⁽¹⁾ Excludes collateral pledged to counterparties of \$42.

	2021			
	Assets and Liabilities Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Bonds	\$ —	\$ 77,121	\$ —	\$ 77,121
Stocks	560	—	—	560
Derivatives	—	—	—	—
Total assets measured at fair value	\$ 560	\$ 77,121	\$ —	\$ 77,681
Liabilities measured at fair value				
Derivatives ⁽¹⁾	\$ 3	\$ —	\$ —	\$ 3
Net assets attributable to contractholders measured at fair value	\$ 557	\$ 77,121	\$ —	\$ 77,678

⁽¹⁾ Excludes collateral pledged to counterparties of \$161.

There were no significant transfers between Level 1 and Level 2 during 2022 or 2021.

Short Term Bond Fund (PIM) SF816

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	68,818	74,889	59,622	51,522	32,995	694	795	645	536	337
75/100 guarantee policy	235,692	203,812	211,756	63,206	40,849	2,364	2,153	2,282	656	416
100/100 guarantee policy	11,727	13,369	2,557	—	—	116	140	27	—	—
PS1 75/75 guarantee policy	61,202	45,220	102,333	11,749	11,352	637	493	1,134	125	118
PS1 75/100 guarantee policy	233,929	186,889	550,041	57,317	34,397	2,421	2,030	6,073	607	356
PS1 100/100 guarantee policy	6,511	14,660	5,188	—	—	67	158	57	—	—
PS2 75/75 guarantee policy	18,969	19,004	876,446	7,149	—	224	233	10,751	83	—
PS2 75/100 guarantee policy	60,278	36,666	5,491	8,657	10,160	713	449	67	100	114
PS 75/75 guarantee policy	6,606	6,167	628	—	—	67	66	7	—	—
PS 75/100 guarantee policy	13,040	17,633	15,545	5,982	—	132	187	168	62	—
PPS 75/75 guarantee policy	2,010	—	—	—	—	21	—	—	—	—
PPS 75/100 guarantee policy	26,395	21,749	11,235	2,335	—	272	234	122	24	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	10.08	10.61	10.82	10.41	10.21	(0.53)	(0.21)
75/100 guarantee policy	10.03	10.56	10.77	10.37	10.18	(0.53)	(0.21)
100/100 guarantee policy	9.91	10.45	10.67	—	—	(0.54)	(0.22)
PS1 75/75 guarantee policy	10.40	10.91	11.09	10.63	10.40	(0.51)	(0.18)
PS1 75/100 guarantee policy	10.35	10.86	11.04	10.59	10.37	(0.51)	(0.18)
PS1 100/100 guarantee policy	10.24	10.76	10.95	—	—	(0.52)	(0.19)
PS2 75/75 guarantee policy	11.83	12.24	12.27	11.61	—	(0.41)	(0.03)
PS2 75/100 guarantee policy	11.83	12.24	12.27	11.61	11.20	(0.41)	(0.03)
PS 75/75 guarantee policy	10.17	10.65	10.79	—	—	(0.48)	(0.14)
PS 75/100 guarantee policy	10.14	10.63	10.78	10.32	—	(0.49)	(0.15)
PPS 75/75 guarantee policy	10.33	—	—	—	—	(0.44)	—
PPS 75/100 guarantee policy	10.30	10.75	10.87	10.37	—	(0.45)	(0.12)

Short Term Bond Fund (PIM) SF816

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Short Term Bond Fund (PIM) SF816

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Short Term Bond Fund (PIM) SF816

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Short Term Bond Fund (PIM) SF816

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Bonds and Stocks

Bonds and stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Short Term Bond Fund (PIM) SF816

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Derivatives

Derivatives are classified and measured at fair value. Derivatives are valued using market transactions and other market evidence whenever possible, including market based inputs to models, broker or dealer quotations or alternative pricing sources with reasonable levels of transparency. When models are used, the selection of a particular model to value a derivative depends on the contractual terms of, and specific risks inherent in, the instrument, as well as the availability of pricing information in the market. The Company generally uses similar models to value similar instruments. Valuation models require a variety of inputs, including contractual terms, market prices and rates, yield curves, credit curves, measures volatility, prepayment rates and correlations of such inputs.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Interest income on debt securities - included in the change in fair value of such investments and recorded on the accrual basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Short Term Bond Fund (PIM) SF816

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

Short Term Bond Fund (PIM) SF816

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Income Allocation

Net gain (loss) on investments, which includes dividend income, interest income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

Short Term Bond Fund (PIM) SF816

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Portfolio units are those units owned by the Asset Allocation Funds. Each Portfolio fund is represented by a separate category.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Short Term Bond Fund (PIM) SF816

Notes to the Financial Statements

(in Canadian \$ thousands)

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

7. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative contracts, including forward currency, futures and equity swap contracts, are valued at the gain or loss that would arise as a result of closing the position at the reporting date. Options are recorded at fair value as at the reporting date. The Fund may use derivative contracts to hedge against losses caused by changes in securities prices, interest rates, exchange rates and/or other risks. The Fund may also use derivative contracts for non-hedging purposes in order to invest indirectly in financial markets or to gain exposure to other currencies, provided the use of such derivatives is consistent with the Fund's investment objectives and strategies. Foreign currency risk and exposure may be direct or indirect and can include all or a portion of the currency exposure of an existing investment or group of investments. Any such gain or loss on derivative contracts is recorded as part of net gain (loss) on investments.

As at the reporting date, the unrealized gain (loss) on derivative contracts is reflected on the Statement of Financial Position of the Fund.

The Fund manages derivative credit risk through collateral arrangements where required. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented by the Fund regarding the acceptability of types of collateral and the valuation parameters. The Fund Manager monitors the value of the collateral and requests additional collateral when needed.

Short Term Bond Fund (PIM) SF816

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Short Term Bond Fund (PIM) SF816

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	1.74	1.73	1.68	1.66	1.67
75/100 guarantee policy	1.79	1.79	1.72	1.71	1.72
100/100 guarantee policy	1.91	1.88	1.83	—	—
PS1 75/75 guarantee policy	1.38	1.39	1.33	1.32	1.33
PS1 75/100 guarantee policy	1.44	1.45	1.38	1.37	1.39
PS1 100/100 guarantee policy	1.57	1.54	1.49	—	—
PS 75/75 guarantee policy	1.18	1.17	1.13	—	—
PS 75/100 guarantee policy	1.24	1.23	1.19	1.17	—
PPS 75/75 guarantee policy	0.83	—	—	—	—
PPS 75/100 guarantee policy	0.89	0.88	0.85	0.85	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	59.21	62.75	54.98	91.55	72.99

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
CORPORATE BOND FUND (PIM) SF817

December 31, 2022

Independent Auditor's Report

To the Contractholders of Corporate Bond Fund (PIM) SF817 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Corporate Bond Fund (PIM) SF817

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 3,586	\$ 9,801
Investment income due and accrued	1,184	956
Due from The Canada Life Assurance Company (note 8)	284	95
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	134,605	134,257
Stocks	5,574	12,460
Investment fund units	—	—
Derivatives (note 7)	46	48
Total investments	140,225	146,765
Total assets	\$ 145,279	\$ 157,617
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Derivatives (note 7)	229	102
Total liabilities excluding net assets attributable to contractholders	229	102
Net assets attributable to contractholders	\$ 145,050	\$ 157,515

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (14,633)	\$ (2,552)
Miscellaneous income (loss)	160	14
Total income (loss)	(14,473)	(2,538)
Expenses		
Management fees (note 8)	504	597
Transaction costs	4	5
Withholding taxes	1	1
Other	65	74
Total expenses	574	677
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (15,047)	\$ (3,215)

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year		
	\$ 157,515	\$ 148,056
Contractholder deposits	11,202	37,861
Contractholder withdrawals	(8,620)	(25,187)
Increase (decrease) in net assets from operations attributable to contractholders	(15,047)	(3,215)
Change in net assets attributable to contractholders	(12,465)	9,459
Net assets attributable to contractholders - end of year	\$ 145,050	\$ 157,515

Corporate Bond Fund (PIM) SF817

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (15,047)	\$ (3,215)
Adjustments		
Realized (gains) losses	6,501	473
Unrealized (gains) losses	13,241	6,628
Gross proceeds of disposition of investments	76,629	89,533
Gross payments for the purchase of investments	(89,704)	(98,194)
Change in investment income due and accrued	(228)	95
Change in due from/to The Canada Life Assurance Company	(189)	(60)
Change in due from/to brokers	—	—
Change in due from/to outside parties	—	—
	<u>(8,797)</u>	<u>(4,740)</u>
Financing Activities		
Contractholder deposits	11,202	37,861
Contractholder withdrawals	(8,620)	(25,187)
	<u>2,582</u>	<u>12,674</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(6,215)	7,934
Cash, short-term deposits and overdrafts, beginning of year	9,801	1,867
Cash, short-term deposits and overdrafts, end of year	\$ 3,586	\$ 9,801
Supplementary cash flow information		
Interest income received	\$ 4,353	\$ 4,374
Dividend income received	455	261

Corporate Bond Fund (PIM) SF817

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds			
Provincial Government			
Ontario Power Generation Inc. 1.17% 04-22-2026	281,000	250	251
Ontario Power Generation Inc. 3.215% 04-08-2030	474,000	490	430
Ontario Power Generation Inc. 4.922% 07-19-2032	113,000	113	113
Province of Alberta 2.95% 06-01-2052	2,918,000	2,391	2,283
Province of Ontario 1.90% 12-02-2051	2,739,000	2,057	1,671
Province of Ontario 3.75% 06-02-2032	3,187,000	3,230	3,114
Province of Ontario 3.75% 12-02-2053	421,000	402	386
Total Provincial Government		8,933	8,248
Corporate - Non-convertible			
407 International Inc. 3.30% 03-27-2045	630,000	509	492
407 International Inc. 3.83% 05-11-2046	1,814,000	2,036	1,541
407 International Inc. 4.22% 02-14-2028	269,000	269	263
Aeroports de Montreal 3.03% 04-21-2050	101,000	74	73
Aeroports de Montreal 3.36% 04-24-2047	182,000	147	143
Aeroports de Montreal 3.918% 06-12-2045	390,000	351	337
Aeroports de Montreal 6.55% 10-11-2033	87,000	103	99
AIMCo Realty Investors LP 2.195% 11-04-2026	205,000	205	186
AIMCo Realty Investors LP 2.712% 06-01-2029	500,000	477	442
Alectra Inc. 5.225% 11-14-2052	530,000	548	561
Algonquin Power & Utilities Corp. 4.09% 02-17-2027	20,000	23	19
Algonquin Power & Utilities Corp. 5.25% 01-18-2082	129,000	129	101
Algonquin Power Co. 2.85% 07-15-2031	461,000	463	375
AltaGas Ltd. 2.166% 03-16-2027	141,000	141	125
AltaGas Ltd. 5.25% 01-11-2082	167,000	156	136
AltaGas Ltd. 7.35% 08-17-2082	20,000	20	20
AltaLink LP 3.99% 06-30-2042	1,428,000	1,608	1,266
AltaLink LP 4.692% 11-28-2032	114,000	114	114
ARC Resources Ltd. 2.354% 03-10-2026	276,000	276	253
ARC Resources Ltd. 3.465% 03-10-2031	680,000	639	589
Artis REIT 5.60% 04-29-2025	200,000	200	194
Athabasca Indigenous Midstream LP 6.069% 02-05-2042	46,000	46	47
Athene Global Funding 3.127% 03-10-2025	194,000	194	184
Bank of Montreal 1.551% 05-28-2026	2,133,000	1,988	1,909
Bank of Montreal 2.077% 06-17-2030	414,000	414	381
Bank of Montreal 3.65% 04-01-2027	400,000	400	380

Corporate Bond Fund (PIM) SF817

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Bank of Montreal 4.30% 11-26-2025	63,000	63	58
Bank of Montreal 4.309% 06-01-2027	1,199,000	1,188	1,169
Bank of Montreal 4.709% 12-07-2027	651,000	651	643
Bank of Montreal 6.534% 10-27-2032	1,094,000	1,107	1,137
Bank of Montreal 7.325% 11-26-2082	800,000	800	800
BCI QuadReal Realty 1.056% 03-12-2024	148,000	148	141
BCI QuadReal Realty 1.073% 02-04-2026	204,000	204	182
BCI QuadReal Realty 1.747% 07-24-2030	1,102,000	1,109	883
Bell Canada Inc. 5.85% 11-10-2032	1,742,000	1,892	1,823
Brookfield Infrastructure Finance ULC 3.41% 10-09-2029	1,000,000	920	894
Brookfield Infrastructure Finance ULC 4.193% 09-11-2028	341,000	392	324
Brookfield Infrastructure Finance ULC 5.616% 11-14-2027	346,000	346	352
Brookfield Property Finance ULC 3.93% 01-15-2027	594,000	598	537
Brookfield Property Finance ULC 4.30% 03-01-2024	421,000	426	410
Brookfield Renewable Energy Partners LP 3.63% 01-15-2027	165,000	186	156
Brookfield Renewable Partners ULC 3.33% 08-13-2050	261,000	258	182
Brookfield Renewable Partners ULC 4.25% 01-15-2029	663,000	655	638
Brookfield Residential Properties Inc./Brookfield Residential US Corp. 5.125% 06-15-2029	38,000	38	32
Calgary Airport Authority 3.454% 10-07-2041	110,000	94	90
Calgary Airport Authority 3.554% 10-07-2051	467,000	386	372
Calgary Airport Authority 3.554% 10-07-2053	206,000	169	162
Canadian Core Real Estate 3.299% 03-02-2027	217,000	217	199
Canadian Imperial Bank of Commerce 1.10% 01-19-2026	2,170,000	2,154	1,932
Canadian Imperial Bank of Commerce 1.96% 04-21-2031	675,000	675	599
Canadian Imperial Bank of Commerce 2.75% 03-07-2025	365,000	357	348
Canadian Imperial Bank of Commerce 4.20% 04-07-2032	207,000	203	196
Canadian Imperial Bank of Commerce 4.375% 10-28-2025	81,000	81	74
Canadian Imperial Bank of Commerce 4.95% 06-29-2027	374,000	373	374
Canadian Imperial Bank of Commerce 5.05% 10-07-2027	506,000	505	506
Canadian Imperial Bank of Commerce 7.15% 07-28-2082	189,000	189	186
Canadian National Railway Co. 3.00% 02-08-2029	790,000	745	729
Canadian Natural Resources Ltd. 2.50% 01-17-2028	426,000	425	386
Canadian Pacific Railway Ltd. 3.15% 03-13-2029	678,000	727	618
Canadian Utilities Ltd. 4.851% 06-03-2052	136,000	136	131
Canadian Western Bank 1.926% 04-16-2026	332,000	333	298
Canadian Western Bank 3.668% 06-11-2029	150,000	146	145

Corporate Bond Fund (PIM) SF817

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Canadian Western Bank 3.859% 04-21-2025	324,000	324	313
Canadian Western Bank 5.00% 07-31-2081	43,000	43	34
Canadian Western Bank 5.146% 09-02-2027	944,000	946	939
Canadian Western Bank 5.937% 12-22-2032	101,000	101	100
Capital Power Corp. 3.147% 10-01-2032	865,000	853	704
Capital Power Corp. 4.424% 02-08-2030	450,000	436	425
Capital Power Corp. 4.986% 01-23-2026	180,000	192	178
Capital Power Corp. 7.95% 09-09-2082	52,000	52	51
Cascades Inc./Cascades USA Inc. 5.125% 01-15-2025	66,000	66	64
CCL Industries Inc. 3.864% 04-13-2028	187,000	197	176
Cenovus Energy Inc. 3.50% 02-07-2028	403,000	399	381
Central 1 Credit Union 2.391% 06-30-2031	500,000	501	444
Central 1 Credit Union 2.584% 12-06-2023	602,000	598	587
Choice Properties REIT 2.456% 11-30-2026	118,000	118	106
Choice Properties REIT 2.848% 05-21-2027	985,000	892	895
Choice Properties REIT 3.532% 06-11-2029	126,000	114	113
Choice Properties REIT 6.003% 06-24-2032	168,000	168	173
Cogeco Communications Inc. 2.991% 09-22-2031	505,000	501	417
Cologix Data Centers Issuer LLC 4.94% 01-25-2052	16,000	16	15
Cologix Data Centers Issuer LLC 5.68% 01-25-2052	13,000	13	12
Corus Entertainment Inc. 5.00% 05-11-2028	39,000	39	30
Crombie REIT 2.686% 03-31-2028	175,000	175	152
Crombie REIT 3.133% 08-12-2031	104,000	104	84
CT REIT 3.289% 06-01-2026	361,000	359	337
CU Inc. 3.548% 11-22-2047	2,000	2	2
CU Inc. 3.95% 11-23-2048	2,000	2	2
CU Inc. 4.085% 09-02-2044	1,131,000	1,085	996
CU Inc. 4.773% 09-14-2052	154,000	154	150
CU Inc. 5.896% 11-20-2034	1,422,000	1,906	1,537
Curaleaf Holdings Inc. 8.00% 12-15-2026	110,000	141	123
Dollarama Inc. 1.871% 07-08-2026	511,000	455	461
Dollarama Inc. 5.084% 10-27-2025	60,000	60	60
Dream Industrial REIT 1.662% 12-22-2025	289,000	289	258
Dream Industrial REIT 2.057% 06-17-2027	1,098,000	1,098	951
Dream Industrial REIT 2.539% 12-07-2026	156,000	156	139
Dream Industrial REIT 3.968% 04-13-2026	74,000	74	70
Enbridge Gas Distribution Inc. 3.51% 11-29-2047	168,000	142	132

Corporate Bond Fund (PIM) SF817

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Enbridge Gas Inc. 2.35% 09-15-2031	479,000	403	399
Enbridge Gas Inc. 3.01% 08-09-2049	258,000	197	183
Enbridge Gas Inc. 3.20% 09-15-2051	1,069,000	1,037	779
Enbridge Gas Inc. 3.65% 04-01-2050	20,000	22	16
Enbridge Gas Inc. 4.55% 08-17-2052	168,000	168	156
Enbridge Inc. 5.375% 09-27-2077	2,361,000	2,394	2,156
Enbridge Inc. 6.625% 04-12-2078	900,000	1,026	866
Enbridge Pipelines Inc. 4.33% 02-22-2049	90,000	94	73
Energir LP 4.67% 09-27-2032	174,000	174	173
EPCOR Utilities Inc. 3.554% 11-27-2047	443,000	454	356
EPCOR Utilities Inc. 4.725% 09-02-2052	236,000	236	230
EPCOR Utilities Inc. 5.65% 11-16-2035	360,000	477	383
Equitable Bank 1.876% 11-26-2025	798,000	770	715
Equitable Bank 3.362% 03-02-2026	172,000	172	160
Fairfax Financial Holdings Ltd. 3.95% 03-03-2031	521,000	522	457
Fairfax Financial Holdings Ltd. 4.25% 12-06-2027	288,000	311	274
Federation des Caisses Desjardins du Quebec 1.093% 01-21-2026	780,000	780	694
Federation des Caisses Desjardins du Quebec 2.856% 05-26-2030	641,000	646	601
Federation des Caisses Desjardins du Quebec 4.407% 05-19-2027	291,000	291	284
Federation des Caisses Desjardins du Quebec 5.035% 08-23-2032	496,000	496	483
Federation des Caisses Desjardins du Quebec 5.20% 10-01-2025	384,000	384	385
First National Financial Corp. 2.961% 11-17-2025	109,000	109	100
Ford Credit Canada Co. 6.777% 09-15-2025	400,000	400	404
Fortified Trust 1.964% 10-23-2026	469,000	469	418
Fortified Trust 3.76% 06-23-2025	358,000	358	346
Fortis Inc. 4.431% 05-31-2029	294,000	294	286
FortisAlberta Inc. 2.632% 06-08-2051	71,000	71	46
FortisAlberta Inc. 4.618% 05-30-2052	127,000	127	121
FortisBC Energy Inc. 2.54% 07-13-2050	209,000	209	136
FortisBC Energy Inc. 3.85% 12-07-2048	379,000	431	321
FortisBC Energy Inc. 4.67% 11-28-2052	217,000	217	210
FortisBC Energy Inc. 5.00% 11-24-2050	313,000	454	307
General Motors Financial of Canada Ltd. 1.70% 07-09-2025	1,000,000	905	908
George Weston Ltd. 4.115% 06-17-2024	650,000	688	639
GFL Environmental Inc. 3.50% 09-01-2028 144A	2,000	2	2
Gibson Energy Inc. 3.60% 09-17-2029	485,000	449	435
Gibson Energy Inc. 5.25% 12-22-2030	198,000	198	169

Corporate Bond Fund (PIM) SF817

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Granite REIT Holdings LP 2.194% 08-30-2028	495,000	491	420
Greater Toronto Airports Authority 3.15% 10-05-2051	161,000	129	120
H&R REIT 2.633% 02-19-2027	256,000	257	227
H&R REIT 2.906% 06-02-2026	111,000	112	101
H&R REIT 3.369% 01-30-2024	468,000	472	455
H&R REIT 4.071% 06-16-2025	58,000	63	56
Home Trust Co. 5.317% 06-13-2024	242,000	242	238
Honda Canada Finance Inc. 1.337% 03-17-2026	329,000	329	293
Hydro One Inc. 3.10% 09-15-2051	2,139,000	1,802	1,567
Hydro One Inc. 4.91% 01-27-2028	507,000	507	518
Intact Financial Corp. 4.125% 03-31-2081	63,000	63	53
Intact Financial Corp. 5.459% 09-22-2032 144A	163,000	216	218
Inter Pipeline Ltd. 3.484% 12-16-2026	987,000	999	920
Inter Pipeline Ltd. 3.983% 11-25-2031	370,000	370	322
Inter Pipeline Ltd. 4.232% 06-01-2027	620,000	634	594
Inter Pipeline Ltd. 5.76% 02-17-2028	156,000	156	158
Inter Pipeline Ltd. 5.849% 05-18-2032	135,000	135	134
Inter Pipeline Ltd. 6.875% 03-26-2079	261,000	259	250
John Deere Financial Inc. 1.63% 04-09-2026	76,000	76	69
Keyera Corp. 3.959% 05-29-2030	206,000	221	186
Keyera Corp. 5.95% 03-10-2081	105,000	105	92
Kruger Packaging Holdings LP 6.00% 06-01-2026	66,000	66	64
Kruger Products LP 5.375% 04-09-2029	20,000	20	17
Kruger Products LP 6.00% 04-24-2025	122,000	122	116
Laurentian Bank of Canada 1.15% 06-03-2024	1,697,000	1,641	1,596
Laurentian Bank of Canada 1.603% 05-06-2026	66,000	66	60
Laurentian Bank of Canada 4.60% 09-02-2025	302,000	302	296
Laurentian Bank of Canada 5.095% 06-15-2032	788,000	764	746
Loblaw Companies Ltd. 4.488% 12-11-2028	455,000	506	448
Loblaw Companies Ltd. 5.008% 09-13-2032	208,000	208	207
Loblaw Companies Ltd. 5.336% 09-13-2052	678,000	645	679
Lower Mattagami Energy LP 4.854% 10-31-2033	137,000	137	139
Manulife Bank of Canada 1.337% 02-26-2026	365,000	365	326
Manulife Financial Corp. 2.237% 05-12-2030	492,000	492	457
Manulife Financial Corp. 3.049% 08-20-2029	440,000	444	422
Manulife Financial Corp. 7.117% 06-19-2082	270,000	270	265
MCAP Commercial LP 3.743% 08-25-2025	192,000	192	180

Corporate Bond Fund (PIM) SF817

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Metro Inc. 3.39% 12-06-2027	737,000	764	692
National Bank of Canada 1.534% 06-15-2026	60,000	53	54
National Bank of Canada 1.573% 08-18-2026	98,000	98	90
National Bank of Canada 4.05% 08-15-2081	727,000	717	559
National Bank of Canada 4.30% 11-15-2025	532,000	530	480
National Bank of Canada 5.296% 11-03-2025	163,000	163	164
National Bank of Canada 5.426% 08-16-2032	489,000	489	484
National Bank of Canada 7.50% 11-16-2082	454,000	454	449
North West Redwater Partnership 2.80% 06-01-2027	303,000	314	280
North West Redwater Partnership 3.70% 02-23-2043	361,000	300	290
North West Redwater Partnership 4.35% 01-10-2039	600,000	568	538
North West Redwater Partnership/NWR Financing Co. Ltd. 2.80% 06-01-2031	1,382,000	1,276	1,178
Ontario Power Generation Inc. 2.893% 04-08-2025	423,000	406	406
Ontario Teachers' Finance Trust 4.45% 06-02-2032	249,000	248	253
Parkland Corp. of Canada 3.875% 06-16-2026	304,000	304	279
Parkland Corp. of Canada 4.375% 03-26-2029	437,000	437	375
Parkland Corp. of Canada 6.00% 06-23-2028	196,000	195	187
Pembina Pipeline Corp. 3.31% 02-01-2030	1,122,000	1,161	996
Pembina Pipeline Corp. 4.02% 03-27-2028	1,192,000	1,262	1,133
Pembina Pipeline Corp. 4.74% 01-21-2047	59,000	65	50
Pembina Pipeline Corp. 4.75% 03-26-2048	129,000	138	108
Pembina Pipeline Corp. 4.80% 01-25-2031	150,000	150	123
Pembina Pipeline Corp. 4.81% 03-25-2044	134,000	146	115
Reliance LP 2.67% 08-01-2028	1,023,000	1,029	881
Reliance LP 2.68% 12-01-2027	297,000	297	261
Reliance LP 3.75% 03-15-2026	513,000	495	485
RioCan REIT 1.974% 06-15-2026	352,000	352	311
RioCan REIT 2.829% 11-08-2028	216,000	201	184
RioCan REIT 4.628% 05-01-2029	71,000	71	66
Rogers Communications Inc. 3.75% 04-15-2029	594,000	593	549
Rogers Communications Inc. 5.00% 12-17-2081	263,000	263	238
Rogers Communications Inc. 5.25% 04-15-2052	324,000	323	293
Royal Bank of Canada 2.088% 06-30-2030	175,000	175	161
Royal Bank of Canada 2.14% 11-03-2031	334,000	334	294
Royal Bank of Canada 2.328% 01-28-2027	516,000	465	466
Royal Bank of Canada 2.88% 12-23-2029	1,093,000	1,092	1,036

Corporate Bond Fund (PIM) SF817

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Royal Bank of Canada 3.369% 09-29-2025	1,946,000	1,864	1,865
Royal Bank of Canada 4.612% 07-26-2027	1,766,000	1,742	1,743
Royal Bank of Canada 5.235% 11-02-2026	447,000	448	451
Russel Metals Inc. 5.75% 10-27-2025	232,000	232	229
Sagen MI Canada Inc. 3.261% 03-05-2031	354,000	352	291
Sagen MI Canada Inc. 4.95% 03-24-2081	141,000	141	113
Shaw Communications Inc. 3.80% 03-01-2027	1,438,000	1,432	1,362
Shaw Communications Inc. 6.75% 11-09-2039	432,000	583	462
Sienna Senior Living Inc. 2.82% 03-31-2027	77,000	77	69
SmartCentres REIT 3.192% 06-11-2027	53,000	53	48
SmartCentres REIT 3.444% 08-28-2026	294,000	311	272
Summit Industrial Income REIT 1.82% 04-01-2026	64,000	64	57
Summit Industrial Income REIT 2.25% 01-12-2027	258,000	258	229
Summit Industrial Income REIT 2.44% 07-14-2028	180,000	176	154
Sun Life Financial Inc. 2.06% 10-01-2035	402,000	402	317
Sun Life Financial Inc. 2.38% 08-13-2029	1,107,000	1,117	1,052
Sun Life Financial Inc. 2.58% 05-10-2032	676,000	710	605
Sun Life Financial Inc. 2.80% 11-21-2033	468,000	468	409
Suncor Energy Inc. 3.95% 03-04-2051	291,000	286	219
Superior Plus LP 4.25% 05-18-2028	460,000	457	401
Tamarack Valley Energy Ltd. 7.25% 05-10-2027	26,000	24	24
TELUS Corp. 3.15% 02-19-2030	142,000	149	126
TELUS Corp. 3.30% 05-02-2029	739,000	771	671
TELUS Corp. 4.85% 04-05-2044	651,000	809	581
TELUS Corp. 5.25% 11-15-2032	186,000	185	185
Teranet Holdings LP 3.544% 06-11-2025	499,000	499	477
Teranet Holdings LP 3.719% 02-23-2029	495,000	495	449
The Bank of Nova Scotia 1.40% 11-01-2027	434,000	427	369
The Bank of Nova Scotia 1.95% 01-10-2025	3,033,000	2,868	2,851
The Bank of Nova Scotia 2.95% 03-08-2027	1,471,000	1,431	1,360
The Bank of Nova Scotia 3.934% 05-03-2032	274,000	274	256
The Bank of Nova Scotia 5.50% 05-08-2026	259,000	259	263
The Bank of Nova Scotia 7.023% 07-27-2082	919,000	914	898
The Empire Life Insurance Co. 3.625% 04-17-2026	387,000	382	309
The Independent Order of Foresters 2.885% 10-15-2035	255,000	255	209
The Toronto-Dominion Bank 1.888% 03-08-2028	1,188,000	1,188	1,024
The Toronto-Dominion Bank 1.943% 03-13-2025	201,000	201	188

Corporate Bond Fund (PIM) SF817

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
The Toronto-Dominion Bank 3.06% 01-26-2032	560,000	593	509
The Toronto-Dominion Bank 3.105% 04-22-2030	277,000	273	262
The Toronto-Dominion Bank 4.21% 06-01-2027	1,375,000	1,364	1,336
The Toronto-Dominion Bank 4.68% 01-08-2029	308,000	308	303
The Toronto-Dominion Bank 5.376% 10-21-2027	264,000	264	269
The Toronto-Dominion Bank 7.283% 10-31-2082	406,000	406	404
Thomson Reuters Corp. 2.239% 05-14-2025	321,000	321	302
TMX Group Ltd. 2.016% 02-12-2031	136,000	136	109
Toronto Hydro Corp. 2.47% 10-20-2031	100,000	100	85
Toronto Hydro Corp. 4.95% 10-13-2052	783,000	777	801
Toronto-Dominion Bank 4.34% 01-27-2026	450,000	450	441
Tourmaline Oil Corp. 2.077% 01-25-2028	98,000	98	85
Tourmaline Oil Corp. 2.529% 02-12-2029	121,000	121	105
Toyota Credit Canada Inc. 1.18% 02-23-2026	230,000	230	205
TransCanada PipeLines Ltd. 3.80% 04-05-2027	598,000	644	571
TransCanada PipeLines Ltd. 4.18% 07-03-2048	152,000	163	119
TransCanada PipeLines Ltd. 4.35% 05-12-2026	618,000	618	605
TransCanada PipeLines Ltd. Floating Rate 05-18-2077	775,000	742	694
TransCanada Trust 4.20% 03-04-2081	547,000	547	437
Transcontinental Inc. 2.667% 02-03-2025	481,000	476	452
Trisummit Utilities Inc. 5.28% 08-15-2052	182,000	182	169
Union Gas Ltd. 3.80% 06-01-2046	469,000	518	390
Vancouver Airport Authority 1.76% 09-20-2030	277,000	277	229
Ventas Canada Finance Ltd. 2.80% 04-12-2024	308,000	311	297
Ventas Canada Finance Ltd. 3.30% 12-01-2031	224,000	223	185
Ventas Canada Inc. 4.125% 09-30-2024	683,000	713	665
Videotron Ltd. 3.125% 01-15-2031	230,000	230	177
Videotron Ltd. 4.50% 01-15-2030	479,000	480	418
Videotron Ltd./Videotron Ltee 3.625% 06-15-2028	306,000	306	264
Waste Management of Canada Corp. 2.60% 09-23-2026	997,000	971	919
Total Corporate - Non-convertible		124,584	114,130

Corporate Bond Fund (PIM) SF817

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Convertible			
Columbia Care Inc. 6.00% 06-29-2025 Conv.	13,000	16	18
Total Corporate - Convertible		16	18
Total Canadian Bonds		133,533	122,396
United States Bonds			
Corporate - Non-convertible			
Alexandria Real Estate Equities Inc. 2.00% 05-18-2032	62,000	79	65
Amazon.com Inc. 4.70% 12-01-2032	407,000	553	548
AT&T Inc. 4.85% 05-25-2047	50,000	45	43
AT&T Inc. 5.10% 11-25-2048	270,000	276	243
Athene Global Funding Floating Rate 04-09-2024	1,027,000	1,026	1,019
Bank of America Corp. 1.978% 09-15-2027	260,000	256	232
Bank of America Corp. 2.598% 04-04-2029	219,000	219	193
Bank of America Corp. 3.615% 03-16-2028	238,000	238	224
Charter Communications Operating LLC/Charter Communications Operating Capital Corp. 3.50% 06-01-2041	120,000	151	107
DIRECTV Holdings LLC/DIRECTV Financing Co. 5.875% 08-15-2027 144A	21,000	26	26
Ford Motor Co. 3.25% 02-12-2032	833,000	1,033	849
General Motors Co. 5.40% 10-15-2029	271,000	347	351
Go Daddy Operating Co. LLC/GD Finance Co. Inc. 3.50% 03-01-2029 144A	5,000	6	6
JPMorgan Chase & Co. 1.896% 03-05-2028	599,000	599	528
Magallanes Inc. 4.279% 03-15-2032	260,000	298	290
Mastercard Inc. 1.90% 03-15-2031	120,000	151	132
Nestle Holdings Inc. 2.192% 01-26-2029	248,000	248	217
NextEra Energy Capital Holdings Inc. 1.90% 06-15-2028	147,000	177	170
PepsiCo Inc. 3.90% 07-18-2032	85,000	111	109
Tenet Healthcare Corp. 4.375% 01-15-2030 144A	20,000	25	23
The Estee Lauder Companies Inc. 1.95% 03-15-2031	199,000	250	218
The Goldman Sachs Group Inc. 2.013% 02-28-2028	180,000	180	154
The Goldman Sachs Group Inc. 2.599% 11-30-2027	466,000	466	422
T-Mobile USA Inc. 2.25% 11-15-2031	680,000	704	726
T-Mobile USA Inc. 3.75% 04-15-2027	600,000	764	766
T-Mobile USA Inc. 5.20% 01-15-2023	341,000	445	457
Univision Communications Inc. 4.50% 05-01-2029 144A	26,000	32	30
Verizon Communications Inc. Floating Rate 03-20-2026	157,000	197	208

Corporate Bond Fund (PIM) SF817

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Bonds (continued)			
Corporate - Non-convertible (continued)			
Wells Fargo & Co. 3.90% 03-15-2026	114,000	145	136
Total Corporate - Non-convertible		9,047	8,492
Total United States Bonds		9,047	8,492
Global Bonds			
Australia			
Transurban Finance Co. Pty Ltd. 4.555% 11-14-2028	447,000	466	431
British Virgin Islands			
Easy Tactic Ltd. 7.50% 07-11-2027	210,379	180	61
Cayman Islands			
Agile Group Holdings Ltd. 5.75% 01-02-2025	200,000	218	145
Baidu Inc. 2.375% 08-23-2031	243,000	306	257
Kaisa Group Holdings Ltd. 10.50% 09-07-2022 ⁽¹⁾	200,000	168	38
Chile			
Colbun SA 3.15% 01-19-2032	209,000	258	240
Japan			
Renesas Electronics Corp. 2.17% 11-25-2026	219,000	276	255
Toyota Motor Corp. 1.339% 03-25-2026	126,000	158	153
Jersey			
Heathrow Funding Ltd. 2.694% 10-13-2027	170,000	170	152
Heathrow Funding Ltd. 3.40% 03-08-2028	470,000	476	431
Heathrow Funding Ltd. 3.726% 04-13-2033	271,000	277	229
Heathrow Funding Ltd. 3.782% 09-04-2030	339,000	345	303
Luxembourg			
Aroundtown SA 4.625% 09-18-2025	534,000	545	499

⁽¹⁾ This security was past due as at December 31, 2022. The term-to-maturity for this security is disclosed as 1 year or less in the Interest Rate Risk note within the Notes to the Schedule of Investment Portfolio.

Corporate Bond Fund (PIM) SF817

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Bonds (continued)			
Mexico			
Becle SAB de CV 2.50% 10-14-2031	244,000	306	256
Netherlands			
NXP BV/NXP Funding LLC/NXP USA Inc. 2.65% 02-15-2032	86,000	110	91
United Kingdom			
Anglian Water Services Financing PLC 4.525% 08-26-2032	185,000	185	176
Total Global Bonds		4,444	3,717
Total Bonds		147,024	134,605
Canadian Common Stock			
Exchange Traded Funds			
BMO High Yield US Corporate Bond Hedged to CAD Index ETF	37,414	494	401
Mackenzie Canadian All Corporate Bond Index ETF *	15,000	1,363	1,344
Mackenzie Emerging Markets Local Currency Bond Index ETF *	47,088	4,127	3,689
Total Canadian Common Stock		5,984	5,434
Canadian Preferred Stock			
Communication Services			
BCE Inc. 2.75% Preferred	351	5	5
BCE Inc. 3.61% Preferred	2,006	31	35
BCE Inc. 4.13% Preferred	112	2	2
Consumer Staples			
Loblaw Companies Ltd. 5.30% Preferred	434	11	10
Energy			
TransAlta Corp. 4.027% Preferred	340	6	6
Financials			
Brookfield Corp. 4.80% Preferred Conv.	1,113	28	25

*The issuer of this security is a related company to the issuer of the Fund.

Corporate Bond Fund (PIM) SF817

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Preferred Stock (continued)			
Utilities			
Emera Inc. 4.25% Preferred	107	3	2
Emera Inc. 4.60% Preferred	1,180	30	20
TransAlta Corp. 2.709% Preferred	1,170	14	15
Total Canadian Preferred Stock		130	120
Global Common Stock			
Bermuda			
Brookfield Renewable Partners LP 5.00% Preferred	939	23	20
Total Global Common Stock		23	20
Total Stocks		6,137	5,574

Corporate Bond Fund (PIM) SF817

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, contracts, shares, par value or contract price)

As at December 31, 2022

Schedule of Derivative Contracts

Forward Currency Contracts

Contract Price	Settlement Date	Purchased Currency		Sold Currency		Unrealized Gain (Loss)	
		Currency	Value as at December 31	Currency	Value as at December 31		
1.3734	February 3, 2023	Canadian Dollar	3,551	United States Dollar	3,514	37	
						Derivatives - Assets	37
0.7361	January 13, 2023	United States Dollar	1,059	Canadian Dollar	1,062	(3)	
1.3136	January 13, 2023	Canadian Dollar	952	United States Dollar	973	(21)	
0.7256	January 20, 2023	United States Dollar	531	Canadian Dollar	540	(9)	
0.7256	January 20, 2023	United States Dollar	528	Canadian Dollar	537	(9)	
0.7216	February 3, 2023	United States Dollar	382	Canadian Dollar	391	(9)	
1.3289	February 3, 2023	Canadian Dollar	2,986	United States Dollar	3,028	(42)	
0.7286	February 10, 2023	United States Dollar	230	Canadian Dollar	233	(3)	
1.3296	February 17, 2023	Canadian Dollar	1,494	United States Dollar	1,514	(20)	
0.7319	February 24, 2023	United States Dollar	880	Canadian Dollar	888	(8)	
1.3262	February 24, 2023	Canadian Dollar	1,490	United States Dollar	1,513	(23)	
1.3261	February 24, 2023	Canadian Dollar	5,277	United States Dollar	5,358	(82)	
						Derivatives - Liabilities	(229)
Total Forward Currency Contracts							(192)

Futures Contracts

No. of Contracts	Average Contract Price	Futures Contracts	Maturity Date	Notional Amount	Price as at December 31	Unrealized Gain (Loss)	
(12)	CAD 147.88	JPN 10Y BOND (OSE) 03-31-2023	March 31, 2023	JPY 1,745,520	CAD 145.46	9	
						Derivatives - Assets	9
Total Futures Contracts							9

Total Derivative Instruments at Fair Value (183)

Transaction Costs (note 2) (3)

Total Investments 153,158 139,996

Corporate Bond Fund (PIM) SF817

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Corporate Bond Fund (PIM) SF817 (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

Corporate Bond Fund (PIM) SF817

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2022 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2022

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ (1,100)	\$ 860	\$ (240)	\$ (2)
Other Currencies	—	16	16	—
Total	\$ (1,100)	\$ 876	\$ (224)	\$ (2)
As Percent of Net Assets Attributable to Contractholders			(0.2%)	

*Includes both monetary and non-monetary instruments

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 691	\$ 164	\$ 855	\$ 9
Total	\$ 691	\$ 164	\$ 855	\$ 9
As Percent of Net Assets Attributable to Contractholders			0.5%	

*Includes both monetary and non-monetary instruments

D. Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Due to the nature of short-term fixed income securities with a remaining term-to-maturity of less than one year, these investments are not generally exposed to a significant risk that their value will fluctuate in response to changes in the prevailing levels of market interest rates. The risk is professionally managed at the security and fund level by the Company.

The table below summarizes the Fund's exposure to interest rate risk by remaining term-to-maturity.

2022

	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ 1,082	\$ 52,979	\$ 47,549	\$ 32,995	\$ 134,605

2021

	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ 463	\$ 29,805	\$ 59,889	\$ 44,100	\$ 134,257

Corporate Bond Fund (PIM) SF817

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

D. Interest Rate Risk (continued)

As at December 31, 2022, had prevailing interest rates increased or decreased by 1% assuming a parallel shift in the yield curve, with all other variables held constant, net assets attributable to contractholders would have decreased or increased, respectively, by approximately \$8,189 (\$9,325 at December 31, 2021) or approximately 5.6% (5.9% at December 31, 2021). The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual results may differ and the difference could be significant.

E. Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt instruments includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt instruments represents the maximum credit risk exposure as at December 31, 2022. The amount of credit risk to any one issuer may be determined from the information reported in the Schedule of Investment Portfolio. The Fund may invest in short-term fixed income securities issued or guaranteed primarily by the Government of Canada or any Canadian provincial government, obligations of Canadian chartered banks or trust companies, and commercial paper with approved credit ratings. The risk of default on these short-term fixed income securities is considered low. The Company monitors credit risk and credit ratings on a regular basis. All new counterparties to financial instruments are subject to an approval process.

There was no change in fair values of financial liabilities as a result of changes in credit risks during 2022 or 2021.

All transactions in listed securities are settled and paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Credit ratings disclosed below are obtained from independent rating agencies including DBRS, Standard & Poor's, Moody's Investors Service and Fitch Ratings. The lowest rating provided by the agencies is used.

Debt securities by credit rating are as follows:

	2022		2021	
	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)
AAA	0.5	0.6	0.5	0.4
AA	2.0	1.8	2.3	2.0
A	42.4	39.3	29.7	25.4
BBB	48.1	44.6	59.4	50.6
BB and lower	6.6	6.1	7.6	6.5
NR *	0.4	0.3	0.5	0.4
Total	100.0	92.7	100.0	85.3

*Bonds disclosed as NR are mortgage backed securities or privately placed bonds or bonds that have not been rated by a rating agency.

Corporate Bond Fund (PIM) SF817

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

F. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2022, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$56 (\$125 at December 31, 2021) or approximately 0.0% (0.1% at December 31, 2021) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

G. Fair Value Classification

The following table presents information about the Fund's assets and liabilities measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

	2022			
	Assets and Liabilities Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Bonds	\$ —	\$ 134,561	\$ 44	\$ 134,605
Stocks	5,574	—	—	5,574
Derivatives	9	37	—	46
Total assets measured at fair value	\$ 5,583	\$ 134,598	\$ 44	\$ 140,225
Liabilities measured at fair value				
Derivatives ⁽¹⁾		\$ 229	\$ —	\$ 229
Net assets attributable to contractholders measured at fair value	\$ 5,583	\$ 134,369	\$ 44	\$ 139,996

⁽¹⁾ Excludes collateral pledged to counterparties of \$244.

	2021			
	Assets and Liabilities Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Bonds	\$ —	\$ 134,241	\$ 16	\$ 134,257
Stocks	12,460	—	—	12,460
Derivatives	—	48	—	48
Total assets measured at fair value	\$ 12,460	\$ 134,289	\$ 16	\$ 146,765
Liabilities measured at fair value				
Derivatives ⁽¹⁾	\$ 41	\$ 61	\$ —	\$ 102
Net assets attributable to contractholders measured at fair value	\$ 12,419	\$ 134,228	\$ 16	\$ 146,663

⁽¹⁾ Excludes collateral pledged to counterparties of \$584.

There were no significant transfers between Level 1 and Level 2 during 2022 or 2021.

Corporate Bond Fund (PIM) SF817

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

G. Fair Value Classification (continued)

The following table presents additional information about assets measured at fair value on a recurring basis and for which the Fund has utilized Level 3 inputs to determine fair value:

	2022	2021
	Bonds	Bonds
Balance, beginning of year	\$ 16	\$ —
Total gain (loss) included in net assets from operations attributable to contractholders	—	—
Purchases	28	—
Sales	—	—
Settlements	—	—
Transfers into Level 3	—	16
Transfers out of Level 3	—	—
Balance, end of year	\$ 44	\$ 16
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	\$ —	\$ —

Corporate Bond Fund (PIM) SF817

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	505,797	610,228	539,880	218,968	70,782	5,220	7,085	6,515	2,488	760
75/100 guarantee policy	788,281	896,264	884,502	392,671	242,599	8,051	10,310	10,586	4,431	2,588
100/100 guarantee policy	61,584	53,424	59,940	42,581	29,825	619	606	708	475	315
PS1 75/75 guarantee policy	470,089	451,339	423,183	158,962	54,046	5,115	5,493	5,322	1,872	598
PS1 75/100 guarantee policy	676,904	665,112	607,922	383,755	213,459	7,289	8,020	7,583	4,487	2,347
PS1 100/100 guarantee policy	7,036	9,284	22,225	929	929	75	110	274	11	10
PS2 75/75 guarantee policy	55,786	58,477	79,526	5,952	3,326	706	815	1,127	78	40
PS2 75/100 guarantee policy	259,025	310,460	353,933	333,828	168,470	3,281	4,328	5,018	4,362	2,034
PS2 100/100 guarantee policy	—	1,075	1,094	—	—	—	15	16	—	—
PS 75/75 guarantee policy	32,076	37,785	49,588	20,170	—	313	413	560	213	—
PS 75/100 guarantee policy	57,759	50,358	52,092	21,328	6,341	561	548	586	225	63
PS 100/100 guarantee policy	—	—	—	6,269	—	—	—	—	66	—
PPS 75/75 guarantee policy	31,119	12,408	23,915	—	—	312	138	274	—	—
PPS 75/100 guarantee policy	146,465	115,165	82,748	55,034	139	1,459	1,278	945	586	1
PPS 100/100 guarantee policy	—	—	276	21,515	25,724	—	—	3	228	256

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	10.32	11.61	12.07	11.36	10.73	(1.29)	(0.46)
75/100 guarantee policy	10.21	11.50	11.97	11.28	10.67	(1.29)	(0.47)
100/100 guarantee policy	10.05	11.34	11.82	11.16	10.57	(1.29)	(0.48)
PS1 75/75 guarantee policy	10.88	12.17	12.58	11.78	11.06	(1.29)	(0.41)
PS1 75/100 guarantee policy	10.77	12.06	12.47	11.69	10.99	(1.29)	(0.41)
PS1 100/100 guarantee policy	10.60	11.89	12.33	11.57	10.90	(1.29)	(0.44)
PS2 75/75 guarantee policy	12.66	13.93	14.17	13.06	12.07	(1.27)	(0.24)
PS2 75/100 guarantee policy	12.67	13.94	14.18	13.07	12.08	(1.27)	(0.24)
PS2 100/100 guarantee policy	—	13.93	14.17	—	—	—	(0.24)
PS 75/75 guarantee policy	9.76	10.92	11.29	10.57	—	(1.16)	(0.37)
PS 75/100 guarantee policy	9.71	10.88	11.26	10.55	9.92	(1.17)	(0.38)
PS 100/100 guarantee policy	—	—	—	10.53	—	—	—
PPS 75/75 guarantee policy	10.01	11.14	11.45	—	—	(1.13)	(0.31)
PPS 75/100 guarantee policy	9.96	11.10	11.42	10.64	9.95	(1.14)	(0.32)
PPS 100/100 guarantee policy	—	—	11.37	10.62	9.94	—	—

Corporate Bond Fund (PIM) SF817

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Corporate Bond Fund (PIM) SF817

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Corporate Bond Fund (PIM) SF817

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Corporate Bond Fund (PIM) SF817

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Bonds and Stocks

Bonds and stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Corporate Bond Fund (PIM) SF817

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Derivatives

Derivatives are classified and measured at fair value. Derivatives are valued using market transactions and other market evidence whenever possible, including market based inputs to models, broker or dealer quotations or alternative pricing sources with reasonable levels of transparency. When models are used, the selection of a particular model to value a derivative depends on the contractual terms of, and specific risks inherent in, the instrument, as well as the availability of pricing information in the market. The Company generally uses similar models to value similar instruments. Valuation models require a variety of inputs, including contractual terms, market prices and rates, yield curves, credit curves, measures volatility, prepayment rates and correlations of such inputs.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Interest income on debt securities - included in the change in fair value of such investments and recorded on the accrual basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Corporate Bond Fund (PIM) SF817

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

Corporate Bond Fund (PIM) SF817

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) **Income Allocation**

Net gain (loss) on investments, which includes dividend income, interest income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) **Issue and Redemption of Units**

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

n) **Transaction Costs**

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

Corporate Bond Fund (PIM) SF817

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Portfolio units are those units owned by the Asset Allocation Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Corporate Bond Fund (PIM) SF817

Notes to the Financial Statements

(in Canadian \$ thousands)

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

The NAV per unit for group contractholders has not been shown because it will vary for each sub-class within the group contractholder class based on negotiated expense levels and other factors.

7. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative contracts, including forward currency, futures and equity swap contracts, are valued at the gain or loss that would arise as a result of closing the position at the reporting date. Options are recorded at fair value as at the reporting date. The Fund may use derivative contracts to hedge against losses caused by changes in securities prices, interest rates, exchange rates and/or other risks. The Fund may also use derivative contracts for non-hedging purposes in order to invest indirectly in financial markets or to gain exposure to other currencies, provided the use of such derivatives is consistent with the Fund's investment objectives and strategies. Foreign currency risk and exposure may be direct or indirect and can include all or a portion of the currency exposure of an existing investment or group of investments. Any such gain or loss on derivative contracts is recorded as part of net gain (loss) on investments.

As at the reporting date, the unrealized gain (loss) on derivative contracts is reflected on the Statement of Financial Position of the Fund.

The Fund manages derivative credit risk through collateral arrangements where required. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented by the Fund regarding the acceptability of types of collateral and the valuation parameters. The Fund Manager monitors the value of the collateral and requests additional collateral when needed.

Corporate Bond Fund (PIM) SF817

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Corporate Bond Fund (PIM) SF817

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.18	2.18	2.16	2.16	2.16
75/100 guarantee policy	2.29	2.29	2.27	2.28	2.27
100/100 guarantee policy	2.45	2.46	2.43	2.44	2.44
PS1 75/75 guarantee policy	1.61	1.61	1.59	1.59	1.60
PS1 75/100 guarantee policy	1.72	1.72	1.70	1.71	1.71
PS1 100/100 guarantee policy	1.89	1.89	1.86	1.86	1.86
PS 75/75 guarantee policy	1.63	1.63	1.61	1.61	—
PS 75/100 guarantee policy	1.73	1.74	1.72	1.72	1.71
PS 100/100 guarantee policy	—	—	—	1.88	—
PPS 75/75 guarantee policy	1.04	1.06	1.04	—	—
PPS 75/100 guarantee policy	1.16	1.16	1.15	1.15	1.15
PPS 100/100 guarantee policy	—	—	1.35	1.32	1.31

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	54.49	60.92	34.61	32.05	17.37

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
LONG TERM BOND FUND (PIM) SF818

December 31, 2022

Independent Auditor's Report

To the Contractholders of Long Term Bond Fund (PIM) SF818 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Long Term Bond Fund (PIM) SF818

(in Canadian \$ thousands)

Fund Manager: The Canada Life Assurance Company

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 520	\$ 274
Investment income due and accrued	192	170
Due from The Canada Life Assurance Company (note 7)	90	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	33,583	38,440
Stocks	—	—
Investment fund units	—	—
Total investments	33,583	38,440
Total assets	\$ 34,385	\$ 38,884
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	—	7
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	7
Net assets attributable to contractholders	\$ 34,385	\$ 38,877

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (8,655)	\$ (1,934)
Miscellaneous income (loss)	15	11
Total income (loss)	(8,640)	(1,923)
Expenses		
Management fees (note 7)	26	52
Transaction costs	—	—
Withholding taxes	—	—
Other	3	5
Total expenses	29	57
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (8,669)	\$ (1,980)

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year		
	\$ 38,877	\$ 40,438
Contractholder deposits	8,284	11,087
Contractholder withdrawals	(4,107)	(10,668)
Increase (decrease) in net assets from operations attributable to contractholders	(8,669)	(1,980)
Change in net assets attributable to contractholders	(4,492)	(1,561)
Net assets attributable to contractholders - end of year	\$ 34,385	\$ 38,877

Long Term Bond Fund (PIM) SF818

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (8,669)	\$ (1,980)
Adjustments		
Add back amortization of premium (discount)	(12)	(27)
Realized (gains) losses	1,817	579
Unrealized (gains) losses	8,140	2,504
Gross proceeds of disposition of investments	15,797	20,696
Gross payments for the purchase of investments	(20,885)	(22,396)
Change in investment income due and accrued	(22)	(3)
Change in due from/to The Canada Life Assurance Company	(97)	9
Change in due from/to brokers	—	—
Change in due from/to outside parties	—	—
	<u>(3,931)</u>	<u>(618)</u>
Financing Activities		
Contractholder deposits	8,284	11,087
Contractholder withdrawals	(4,107)	(10,668)
	<u>4,177</u>	<u>419</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	246	(199)
Cash, short-term deposits and overdrafts, beginning of year	274	473
Cash, short-term deposits and overdrafts, end of year	\$ 520	\$ 274
Supplementary cash flow information		
Interest income received	\$ 1,267	\$ 1,119

Long Term Bond Fund (PIM) SF818

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds			
Federal Government			
Canada Housing Trust No. 1 3.55% 09-15-2032	215,000	215	211
Canadian Government 4.00% 01-06-2041	300,000	381	326
Government of Canada 1.75% 12-01-2053	2,305,000	1,807	1,623
Government of Canada 2.00% 12-01-2051	1,305,000	1,251	992
Government of Canada 2.75% 12-01-2048	765,000	899	691
Government of Canada 2.75% 12-01-2064	206,000	273	182
Government of Canada 3.50% 12-01-2045	300,000	395	308
Government of Canada 5.00% 06-01-2037	220,000	268	261
Government of Canada 5.75% 06-01-2033	200,000	245	242
Labrador Island Link Funding Trust 3.85% 12-01-2053	150,000	181	142
Total Federal Government		5,915	4,978
Provincial Government			
Hydro-Quebec 2.10% 02-15-2060	270,000	226	163
Hydro-Quebec 4.00% 02-15-2055	175,000	245	168
Province of Alberta 2.95% 06-01-2052	110,000	80	86
Province of Alberta 3.05% 12-01-2048	545,000	550	438
Province of Alberta 3.10% 06-01-2050	330,000	340	267
Province of Alberta 3.30% 12-01-2046	440,000	453	372
Province of Alberta 3.45% 12-01-2043	215,000	238	189
Province of Alberta 3.90% 12-01-2033	150,000	153	146
Province of British Columbia 2.75% 06-18-2052	285,000	288	215
Province of British Columbia 2.80% 06-18-2048	315,000	321	243
Province of British Columbia 2.95% 06-18-2050	295,000	329	233
Province of British Columbia 4.30% 06-18-2042	300,000	378	299
Province of British Columbia 4.70% 06-18-2037	350,000	458	366
Province of British Columbia 5.40% 06-18-2035	135,000	173	151
Province of Manitoba 2.05% 09-05-2052	350,000	339	216
Province of Manitoba 3.20% 03-05-2050	355,000	410	288
Province of Manitoba 3.40% 09-05-2048	220,000	238	186
Province of Manitoba 4.65% 03-05-2040	375,000	496	384
Province of New Brunswick 3.05% 08-14-2050	225,000	273	177
Province of New Brunswick 3.95% 08-14-2032	215,000	214	212
Province of Newfoundland and Labrador 2.05% 06-02-2031	170,000	165	144
Province of Newfoundland and Labrador 2.65% 10-17-2050	320,000	305	221
Province of Nova Scotia 3.15% 12-01-2051	267,000	278	215

Long Term Bond Fund (PIM) SF818

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Provincial Government (continued)			
Province of Nova Scotia 4.40% 06-01-2042	425,000	580	423
Province of Ontario 1.90% 12-02-2051	655,000	525	400
Province of Ontario 2.55% 12-02-2052	595,000	530	425
Province of Ontario 2.65% 12-02-2050	820,000	801	604
Province of Ontario 2.80% 06-02-2048	815,000	800	625
Province of Ontario 2.90% 06-02-2049	555,000	580	432
Province of Ontario 2.90% 12-02-2046	1,065,000	1,003	839
Province of Ontario 3.45% 06-02-2045	1,075,000	1,180	938
Province of Ontario 3.50% 06-02-2043	1,045,000	1,118	926
Province of Ontario 3.75% 06-02-2032	165,000	168	161
Province of Ontario 3.75% 12-02-2053	620,000	581	569
Province of Ontario 4.60% 06-02-2039	185,000	198	191
Province of Ontario 4.65% 06-02-2041	530,000	700	550
Province of Ontario 4.70% 06-02-2037	680,000	860	709
Province of Ontario 5.60% 06-02-2035	425,000	540	481
Province of Ontario Generic Coupon Strip 0.00% 06-02-2043	166,000	75	69
Province of Prince Edward Island 2.65% 12-01-2051	100,000	106	71
Province of Prince Edward Island 4.65% 11-19-2037	90,000	92	91
Province of Quebec 2.85% 12-01-2053	625,000	619	478
Province of Quebec 3.10% 12-01-2051	1,090,000	1,129	884
Province of Quebec 3.50% 12-01-2045	800,000	894	705
Province of Quebec 3.50% 12-01-2048	785,000	857	687
Province of Quebec 4.25% 12-01-2043	675,000	840	668
Province of Quebec 5.00% 12-01-2038	400,000	443	432
Province of Quebec 5.00% 12-01-2041	410,000	561	445
Province of Quebec 5.75% 12-01-2036	490,000	718	567
Province of Quebec Generic Residual Strip 0.00% 12-01-2043	333,000	139	137
Province of Saskatchewan 3.10% 06-02-2050	275,000	266	222
Province of Saskatchewan 3.30% 06-02-2048	227,000	253	191
Province of Saskatchewan 3.75% 03-05-2054	100,000	118	91
Province of Saskatchewan 5.00% 03-05-2037	95,000	104	102
Total Provincial Government		24,328	19,492
Municipal Government			
City of Montreal 3.15% 12-01-2036	110,000	108	94
City of Ottawa 2.50% 05-11-2051	110,000	100	74

Long Term Bond Fund (PIM) SF818

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Municipal Government (continued)			
City of Toronto 2.15% 08-25-2040	145,000	135	102
City of Toronto 2.90% 04-29-2051	110,000	85	81
Total Municipal Government		428	351
Corporate - Non-convertible			
407 International Inc. 3.43% 06-01-2033	115,000	119	103
407 International Inc. 3.83% 05-11-2046	150,000	155	127
Aeroports de Montreal 3.03% 04-21-2050	55,000	58	40
Aeroports de Montreal 3.919% 09-26-2042	80,000	89	70
Aeroports de Montreal 5.472% 04-16-2040	131,000	173	139
AltaLink LP 3.717% 12-03-2046	240,000	241	201
AltaLink LP 4.054% 11-21-2044	140,000	159	124
Bell Canada Inc. 3.50% 09-30-2050	65,000	62	47
Bell Canada Inc. 4.75% 09-29-2044	140,000	138	126
Bell Canada Inc. 5.85% 11-10-2032	140,000	141	146
Bell Canada Inc. 6.10% 03-16-2035	115,000	141	120
British Columbia Ferry Services Inc. 2.794% 10-15-2049	71,000	73	50
British Columbia Ferry Services Inc. 4.289% 04-28-2044	95,000	105	88
Brookfield Infrastructure Finance ULC 5.439% 04-25-2034	75,000	75	74
Bruce Power LP 4.132% 06-21-2033	200,000	211	183
Calgary Airport Authority 3.341% 10-07-2038	295,000	282	244
Calgary Airport Authority 3.554% 10-07-2051	95,000	82	76
Canadian National Railway Co. 3.60% 02-08-2049	56,000	56	46
Canadian National Railway Co. 3.95% 09-22-2045	160,000	158	139
Carleton University 3.264% 07-05-2061	100,000	100	72
Choice Properties REIT 6.003% 06-24-2032	150,000	150	154
CPPIB Capital Inc. 2.25% 12-01-2031	60,000	59	52
CU Inc. 3.548% 11-22-2047	253,000	254	202
CU Inc. 3.95% 11-23-2048	115,000	106	98
CU Inc. 4.543% 10-24-2041	276,000	305	261
CU Inc. 5.896% 11-20-2034	90,000	99	97
Enbridge Gas Distribution Inc. 5.21% 02-25-2036	65,000	66	66
Enbridge Gas Inc. 4.55% 08-17-2052	140,000	140	130
Enbridge Pipelines Inc. 4.33% 02-22-2049	200,000	223	161
Enbridge Pipelines Inc. 5.33% 04-06-2040	190,000	218	180
EPCOR Utilities Inc. 3.287% 06-28-2051	40,000	40	30

Long Term Bond Fund (PIM) SF818

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Fair Hydro Trust 3.357% 05-15-2033	50,000	58	46
Fair Hydro Trust 3.52% 05-15-2038	215,000	261	190
FortisAlberta Inc. 4.80% 10-27-2050	107,000	114	104
FortisBC Energy Inc. 3.67% 04-09-2046	67,000	69	55
Greater Toronto Airports Authority 2.75% 10-17-2039	95,000	98	72
Greater Toronto Airports Authority 3.15% 10-05-2051	115,000	113	86
Greater Toronto Airports Authority 5.30% 02-25-2041	190,000	243	199
Greater Toronto Airports Authority 6.47% 02-02-2034	90,000	117	102
Health Montreal Collective LP 6.721% 09-30-2049	233,045	317	251
Hydro One Inc. 3.10% 09-15-2051	250,000	180	183
Hydro One Inc. 3.64% 04-05-2050	180,000	179	147
Hydro One Inc. 3.72% 11-18-2047	152,000	165	126
Hydro One Inc. 3.91% 02-24-2046	265,000	282	228
Hydro One Inc. 4.39% 09-26-2041	185,000	198	173
Hydro One Inc. 6.35% 01-31-2034	120,000	159	134
Inter Pipeline Ltd. 6.38% 02-17-2033	115,000	115	118
Loblaw Companies Ltd. 5.336% 09-13-2052	140,000	140	140
Loblaw Companies Ltd. 5.90% 01-18-2036	207,000	244	214
Lower Mattagami Energy LP 4.854% 10-31-2033	115,000	115	116
Metro Inc. 5.03% 12-01-2044	100,000	110	96
Metro Inc. 5.97% 10-15-2035	120,000	160	126
Montreal Port Authority 3.24% 03-22-2051	60,000	60	46
Municipal Finance Authority of British Columbia 2.50% 09-27-2041	75,000	75	56
NAV CANADA 3.534% 02-23-2046	110,000	115	91
North West Redwater Partnership 4.35% 01-10-2039	130,000	120	117
North West Redwater Partnership/NWR Financing Co. Ltd. 3.75% 06-01-2051	85,000	85	66
Province of Quebec 4.40% 12-01-2055	295,000	312	306
Rogers Communications Inc. 6.56% 03-22-2041	90,000	100	95
Ryerson University 3.542% 05-04-2061	185,000	185	141
South Coast British Columbia Transportation Authority 3.15% 11-16-2048	147,000	148	115
TELUS Corp. 3.95% 02-16-2050	100,000	109	76
TELUS Corp. 4.10% 04-05-2051	120,000	118	93
TELUS Corp. 4.40% 04-01-2043	295,000	273	249
TELUS Corp. 4.85% 04-05-2044	75,000	84	67
Toronto Hydro Corp. 3.27% 10-18-2051	120,000	113	92
Toronto Hydro Corp. 4.95% 10-13-2052	90,000	90	92

Long Term Bond Fund (PIM) SF818

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
TransCanada PipeLines Ltd. 4.33% 09-16-2047	90,000	74	73
TransCanada PipeLines Ltd. 4.55% 11-15-2041	155,000	162	132
TransCanada PipeLines Ltd. 8.05% 02-17-2039	59,000	93	72
Union Gas Ltd. 3.59% 11-22-2047	90,000	92	72
University of Ottawa 2.635% 02-13-2060	67,000	67	42
Vancouver Airport Authority 2.80% 09-21-2050	90,000	90	63
Vancouver Airport Authority 2.874% 10-18-2049	75,000	69	54
Total Corporate - Non-convertible		10,349	8,762
Total Canadian Bonds		41,020	33,583
Total Bonds		41,020	33,583
Total Investments		41,020	33,583

Long Term Bond Fund (PIM) SF818

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Long Term Bond Fund (PIM) SF818 (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Due to the nature of short-term fixed income securities with a remaining term-to-maturity of less than one year, these investments are not generally exposed to a significant risk that their value will fluctuate in response to changes in the prevailing levels of market interest rates. The risk is professionally managed at the security and fund level by the Company.

The table below summarizes the Fund's exposure to interest rate risk by remaining term-to-maturity.

2022					
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ —	\$ —	\$ 1,082	\$ 32,501	\$ 33,583

2021					
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ —	\$ —	\$ 2,487	\$ 35,953	\$ 38,440

Long Term Bond Fund (PIM) SF818

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Interest Rate Risk (continued)

As at December 31, 2022, had prevailing interest rates increased or decreased by 1% assuming a parallel shift in the yield curve, with all other variables held constant, net assets attributable to contractholders would have decreased or increased, respectively, by approximately \$5,062 (\$6,166 at December 31, 2021) or approximately 14.7% (15.9% at December 31, 2021). The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual results may differ and the difference could be significant.

D. Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt instruments includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt instruments represents the maximum credit risk exposure as at December 31, 2022. The amount of credit risk to any one issuer may be determined from the information reported in the Schedule of Investment Portfolio. The Fund may invest in short-term fixed income securities issued or guaranteed primarily by the Government of Canada or any Canadian provincial government, obligations of Canadian chartered banks or trust companies, and commercial paper with approved credit ratings. The risk of default on these short-term fixed income securities is considered low. The Company monitors credit risk and credit ratings on a regular basis. All new counterparties to financial instruments are subject to an approval process.

There was no change in fair values of financial liabilities as a result of changes in credit risks during 2022 or 2021.

All transactions in listed securities are settled and paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Credit ratings disclosed below are obtained from independent rating agencies including DBRS, Standard & Poor's, Moody's Investors Service and Fitch Ratings. The lowest rating provided by the agencies is used.

Debt securities by credit rating are as follows:

	2022		2021	
	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)
AAA	1.3	1.3	2.0	2.0
AA	40.1	39.2	41.0	40.6
A	48.8	47.6	44.7	44.2
BBB	9.8	9.5	12.3	12.2
Total	100.0	97.6	100.0	99.0

Long Term Bond Fund (PIM) SF818

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

<u>Assets measured at fair value</u>	2022			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Bonds	\$ —	\$ 33,583	\$ —	\$ 33,583
Total assets measured at fair value	\$ —	\$ 33,583	\$ —	\$ 33,583

<u>Assets measured at fair value</u>	2021			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Bonds	\$ —	\$ 38,440	\$ —	\$ 38,440
Total assets measured at fair value	\$ —	\$ 38,440	\$ —	\$ 38,440

There were no significant transfers between Level 1 and Level 2 during 2022 or 2021.

Long Term Bond Fund (PIM) SF818

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	20,211	22,927	38,854	67,699	14,320	203	300	544	866	166
75/100 guarantee policy	41,385	56,397	138,837	195,683	91,318	409	728	1,920	2,475	1,049
100/100 guarantee policy	12,575	17,984	28,510	43,850	7,884	122	229	389	548	90
PS1 75/75 guarantee policy	4,961	8,592	23,833	33,423	22,604	53	118	348	443	270
PS1 75/100 guarantee policy	31,826	37,600	65,516	75,837	43,274	332	509	945	994	513
PS1 100/100 guarantee policy	—	—	3,192	10,788	—	—	—	45	140	—
PS2 75/75 guarantee policy	1,477	1,499	1,523	28,879	27,578	18	24	25	425	360
PS2 75/100 guarantee policy	—	25,692	40,593	57,913	30,187	—	404	668	852	394
PS2 100/100 guarantee policy	—	—	—	—	4,623	—	—	—	—	60

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	10.04	13.09	14.01	12.79	11.60	(3.05)	(0.92)
75/100 guarantee policy	9.89	12.91	13.83	12.65	11.49	(3.02)	(0.92)
100/100 guarantee policy	9.72	12.71	13.65	12.50	11.37	(2.99)	(0.94)
PS1 75/75 guarantee policy	10.59	13.72	14.60	13.25	11.95	(3.13)	(0.88)
PS1 75/100 guarantee policy	10.42	13.53	14.42	13.11	11.84	(3.11)	(0.89)
PS1 100/100 guarantee policy	—	—	14.24	12.97	—	—	—
PS2 75/75 guarantee policy	12.32	15.72	16.45	14.71	13.05	(3.40)	(0.73)
PS2 75/100 guarantee policy	—	15.71	16.45	14.70	13.05	—	(0.74)
PS2 100/100 guarantee policy	—	—	—	—	13.05	—	—

Long Term Bond Fund (PIM) SF818

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Long Term Bond Fund (PIM) SF818

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Long Term Bond Fund (PIM) SF818

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Long Term Bond Fund (PIM) SF818

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Bonds

Bonds are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Long Term Bond Fund (PIM) SF818

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Interest income on debt securities - included in the change in fair value of such investments and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Long Term Bond Fund (PIM) SF818

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes interest income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Long Term Bond Fund (PIM) SF818

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Long Term Bond Fund (PIM) SF818

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

Portfolio units are those units owned by the Asset Allocation Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Long Term Bond Fund (PIM) SF818

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by the Company. All investment transactions with the corresponding underlying funds are at quoted market prices.

Long Term Bond Fund (PIM) SF818

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.17	2.17	2.14	2.15	2.18
75/100 guarantee policy	2.34	2.35	2.30	2.32	2.34
100/100 guarantee policy	2.51	2.51	2.47	2.48	2.50
PS1 75/75 guarantee policy	1.61	1.62	1.58	1.59	1.60
PS1 75/100 guarantee policy	1.77	1.77	1.74	1.76	1.77
PS1 100/100 guarantee policy	—	—	1.92	1.92	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	44.69	56.32	40.39	23.40	16.53

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
NORTH AMERICAN HIGH YIELD BOND FUND (MF) SF819

December 31, 2022

Independent Auditor's Report

To the Contractholders of North American High Yield Bond Fund (MF) SF819 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

North American High Yield Bond Fund (MF) SF819

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ 82
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	11
Due from brokers	17	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	26,680	27,383
Total investments	26,680	27,383
Total assets	\$ 26,697	\$ 27,476
Liabilities		
Overdrafts	\$ 37	\$ —
Due to The Canada Life Assurance Company (note 8)	17	—
Due to brokers	—	37
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	54	37
Net assets attributable to contractholders	\$ 26,643	\$ 27,439

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (2,643)	\$ 968
Miscellaneous income (loss)	—	—
Total income (loss)	(2,643)	968
Expenses		
Management fees (note 8)	419	370
Other	51	45
Total expenses	470	415
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (3,113)	\$ 553

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 27,439	\$ 21,686
Contractholder deposits	5,064	8,292
Contractholder withdrawals	(2,747)	(3,092)
Increase (decrease) in net assets from operations attributable to contractholders	(3,113)	553
Change in net assets attributable to contractholders	(796)	5,753
Net assets attributable to contractholders - end of year	\$ 26,643	\$ 27,439

North American High Yield Bond Fund (MF) SF819

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (3,113)	\$ 553
Adjustments		
Realized (gains) losses	426	(3)
Unrealized (gains) losses	3,792	205
Gross proceeds of disposition of investments	4,607	3,628
Gross payments for the purchase of investments	(6,547)	(8,295)
Distribution income of underlying mutual fund	(1,575)	(1,170)
Change in due from/to The Canada Life Assurance Company	28	(26)
Change in due from/to brokers	(54)	3
	<u>(2,436)</u>	<u>(5,105)</u>
Financing Activities		
Contractholder deposits	5,064	8,292
Contractholder withdrawals	(2,747)	(3,092)
	<u>2,317</u>	<u>5,200</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(119)	95
Cash, short-term deposits and overdrafts, beginning of year	82	(13)
Cash, short-term deposits and overdrafts, end of year	\$ (37)	\$ 82

North American High Yield Bond Fund (MF) SF819

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2022

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Mackenzie North American Corporate Bond Fund Series S *	3,372,566	30,626	26,680
Total Investments		30,626	26,680

Top 25 Holdings

Security Description	% of Total
Cash and short-term deposits	5.95%
Mackenzie Global Sustainable High Yield Bond Fund Series R *	2.81%
Mackenzie Global High Yield Fixed Income ETF *	1.79%
Mackenzie Emerging Markets Local Currency Bond Index ETF *	1.30%
Keyera Corp. 6.875% 06-13-2029	1.09%
Inter Pipeline Ltd. 6.875% 03-26-2079	1.08%
Enbridge Inc. 5.375% 09-27-2077	0.97%
Videotron Ltd./Videotron Ltee 3.625% 06-15-2028	0.92%
Northleaf Private Credit II LP MI 15	0.91%
Minerva Merger Sub Inc. 6.50% 02-15-2030 144A	0.79%
Jazz Securities Designated Activity Co. 4.375% 01-15-2029 144A	0.77%
Organon Finance 1 LLC 5.125% 04-30-2031 144A	0.76%
Weatherford International Ltd. 8.625% 04-30-2030 144A	0.75%
Rogers Communications Inc. 5.25% 03-15-2082 144A	0.72%
Go Daddy Operating Co. LLC/GD Finance Co. Inc. 3.50% 03-01-2029 144A	0.71%
TransCanada PipeLines Ltd. Floating Rate 05-18-2077	0.70%
Vermilion Energy Inc. 6.88% 05-01-2030 144A	0.70%
The Toronto-Dominion Bank Floating Rate 10-31-2170	0.67%
Chevron USA Inc. 2.34% 08-12-2050	0.66%
Capital Power Corp. 7.95% 09-09-2082	0.64%
Fair Isaac Corp. 4.00% 06-15-2028 144A	0.63%
Uber Technologies Inc. 8.00% 11-01-2026 144A	0.61%
Parkland Corp. of Canada 4.375% 03-26-2029	0.59%
Sealed Air Corp. 5.00% 04-15-2029 144A	0.59%
Centene Corp. 3.375% 02-15-2030	0.58%

*The issuer of this security is a related company to the issuer of the Fund.

North American High Yield Bond Fund (MF) SF819

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 4 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	272,864	262,030	209,684	118,228	49,414	3,131	3,396	2,668	1,434	539
75/100 guarantee policy	644,192	622,296	504,684	328,146	177,233	7,258	7,943	6,341	3,941	1,921
100/100 guarantee policy	56,326	39,389	32,406	30,453	20,037	625	496	402	362	215
PS1 75/75 guarantee policy	150,552	204,627	131,397	83,320	28,384	1,809	2,766	1,736	1,045	319
PS1 75/100 guarantee policy	505,332	454,835	310,587	301,064	109,065	6,016	6,099	4,076	3,754	1,220
PS1 100/100 guarantee policy	47,114	29,688	9,954	9,879	930	552	392	129	122	10
PS2 75/75 guarantee policy	5,961	7,728	30,193	—	—	85	122	457	—	—
PS2 75/100 guarantee policy	48,394	48,499	66,549	70,625	27,257	691	765	1,007	996	338
PS2 100/100 guarantee policy	5,330	5,440	5,554	5,673	5,792	76	86	84	80	72
PS 75/75 guarantee policy	23,153	18,413	12,062	—	—	238	213	136	—	—
PS 75/100 guarantee policy	186,502	50,467	13,096	6,862	—	1,897	578	147	73	—
PS 100/100 guarantee policy	341	2,137	—	—	—	3	24	—	—	—
PPS 75/75 guarantee policy	31,253	13,271	8,792	—	—	328	156	100	—	—
PPS 75/100 guarantee policy	67,530	30,056	7,463	13,725	—	705	352	85	148	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	11.47	12.96	12.72	12.13	10.92	(1.49)	0.24
75/100 guarantee policy	11.27	12.76	12.56	12.01	10.84	(1.49)	0.20
100/100 guarantee policy	11.09	12.59	12.41	11.88	10.74	(1.50)	0.18
PS1 75/75 guarantee policy	12.01	13.52	13.22	12.54	11.24	(1.51)	0.30
PS1 75/100 guarantee policy	11.90	13.41	13.12	12.47	11.19	(1.51)	0.29
PS1 100/100 guarantee policy	11.71	13.21	12.95	12.33	11.08	(1.50)	0.26
PS2 75/75 guarantee policy	14.29	15.78	15.14	—	—	(1.49)	0.64
PS2 75/100 guarantee policy	14.29	15.78	15.13	14.10	12.42	(1.49)	0.65
PS2 100/100 guarantee policy	14.29	15.78	15.14	14.11	12.42	(1.49)	0.64
PS 75/75 guarantee policy	10.30	11.57	11.29	—	—	(1.27)	0.28
PS 75/100 guarantee policy	10.17	11.46	11.22	10.66	—	(1.29)	0.24
PS 100/100 guarantee policy	10.10	11.40	—	—	—	(1.30)	0.23
PPS 75/75 guarantee policy	10.50	11.75	11.42	—	—	(1.25)	0.33
PPS 75/100 guarantee policy	10.44	11.70	11.38	10.75	—	(1.26)	0.32

North American High Yield Bond Fund (MF) SF819

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The North American High Yield Bond Fund (MF) SF819 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

North American High Yield Bond Fund (MF) SF819

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

North American High Yield Bond Fund (MF) SF819

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

North American High Yield Bond Fund (MF) SF819

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

North American High Yield Bond Fund (MF) SF819

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

North American High Yield Bond Fund (MF) SF819

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

North American High Yield Bond Fund (MF) SF819

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

North American High Yield Bond Fund (MF) SF819

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Portfolio units are those units owned by the Asset Allocation Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

North American High Yield Bond Fund (MF) SF819

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

North American High Yield Bond Fund (MF) SF819

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

North American High Yield Bond Fund (MF) SF819

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.29	2.30	2.26	2.24	2.33
75/100 guarantee policy	2.57	2.58	2.54	2.52	2.54
100/100 guarantee policy	2.73	2.74	2.70	2.69	2.71
PS1 75/75 guarantee policy	1.88	1.88	1.83	1.82	1.83
PS1 75/100 guarantee policy	1.99	1.99	1.94	1.93	1.95
PS1 100/100 guarantee policy	2.15	2.15	2.11	2.10	2.09
PS 75/75 guarantee policy	1.72	1.74	1.70	—	—
PS 75/100 guarantee policy	2.01	2.00	1.98	1.96	—
PS 100/100 guarantee policy	2.18	2.19	—	—	—
PPS 75/75 guarantee policy	1.31	1.32	1.28	—	—
PPS 75/100 guarantee policy	1.42	1.43	1.39	1.38	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
PS1 75/75 guarantee policy	1.88	1.88	1.86	1.84	1.85
PS1 75/100 guarantee policy	1.99	1.99	1.97	1.95	1.97
PS1 100/100 guarantee policy	2.15	2.15	2.14	2.12	2.11
PPS 75/75 guarantee policy	1.31	1.32	1.31	—	—
PPS 75/100 guarantee policy	1.42	1.43	1.42	1.40	—

Portfolio Turnover Rate (%) ⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	17.54	14.99	17.87	20.80	11.63

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
REAL RETURN BOND FUND (PIM) SF820

December 31, 2022

Independent Auditor's Report

To the Contractholders of Real Return Bond Fund (PIM) SF820 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Real Return Bond Fund (PIM) SF820

(in Canadian \$ thousands)

Fund Manager: The Canada Life Assurance Company

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ 511	\$ 672
Investment income due and accrued	106	94
Due from The Canada Life Assurance Company (note 7)	68	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	61,440	65,971
Stocks	—	—
Investment fund units	—	—
Total investments	61,440	65,971
Total assets	\$ 62,125	\$ 66,737
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	—	1
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	1
Net assets attributable to contractholders	\$ 62,125	\$ 66,736

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (9,646)	\$ 2,351
Miscellaneous income (loss)	58	15
Total income (loss)	(9,588)	2,366
Expenses		
Management fees (note 7)	16	24
Transaction costs	—	—
Withholding taxes	—	—
Other	2	2
Total expenses	18	26
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (9,606)	\$ 2,340

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 66,736	\$ 24,573
Contractholder deposits	9,926	43,484
Contractholder withdrawals	(4,931)	(3,661)
Increase (decrease) in net assets from operations attributable to contractholders	(9,606)	2,340
Change in net assets attributable to contractholders	(4,611)	42,163
Net assets attributable to contractholders - end of year	\$ 62,125	\$ 66,736

Real Return Bond Fund (PIM) SF820

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (9,606)	\$ 2,340
Adjustments		
Add back amortization of premium (discount)	(3,073)	(1,562)
Realized (gains) losses	72	(185)
Unrealized (gains) losses	13,923	18
Gross proceeds of disposition of investments	8,058	4,381
Gross payments for the purchase of investments	(14,449)	(44,404)
Change in investment income due and accrued	(12)	(60)
Change in due from/to The Canada Life Assurance Company	(69)	8
Change in due from/to brokers	—	—
Change in due from/to outside parties	—	—
	<u>(5,156)</u>	<u>(39,464)</u>
Financing Activities		
Contractholder deposits	9,926	43,484
Contractholder withdrawals	(4,931)	(3,661)
	<u>4,995</u>	<u>39,823</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(161)	359
Cash, short-term deposits and overdrafts, beginning of year	672	313
Cash, short-term deposits and overdrafts, end of year	\$ 511	\$ 672
Supplementary cash flow information		
Interest income received	\$ 1,255	\$ 562

Real Return Bond Fund (PIM) SF820

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2022

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds			
Federal Government			
Government of Canada 0.25% 12-01-2054 Real Return	1,665,000	1,597	1,398
Government of Canada 0.50% 12-01-2050 Real Return	6,300,000	7,445	6,229
Government of Canada 1.25% 12-01-2047 Real Return	6,100,000	8,737	7,610
Government of Canada 1.50% 12-01-2044 Real Return	6,005,000	9,388	8,316
Government of Canada 2.00% 12-01-2041 Real Return	5,040,000	8,680	7,773
Government of Canada 3.00% 12-01-2036 Real Return	4,060,000	8,112	7,335
Government of Canada 4.00% 12-01-2031 Real Return	4,315,000	9,710	8,820
Government of Canada 4.25% 12-01-2026 Real Return	2,965,000	6,098	5,727
Total Federal Government		59,767	53,208
Provincial Government			
Province of Ontario 2.00% 12-01-2036 Real Return	2,779,000	4,159	3,862
Province of Quebec 3.25% 12-01-2036 Real Return	719,000	1,188	1,069
Province of Quebec 4.25% 12-01-2031 Real Return	809,000	1,593	1,507
Province of Quebec 4.50% 12-01-2026 Real Return	964,000	1,876	1,794
Total Provincial Government		8,816	8,232
Total Canadian Bonds		68,583	61,440
Total Bonds		68,583	61,440
Total Investments		68,583	61,440

Real Return Bond Fund (PIM) SF820

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Real Return Bond Fund (PIM) SF820 (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Due to the nature of short-term fixed income securities with a remaining term-to-maturity of less than one year, these investments are not generally exposed to a significant risk that their value will fluctuate in response to changes in the prevailing levels of market interest rates. The risk is professionally managed at the security and fund level by the Company.

The table below summarizes the Fund's exposure to interest rate risk by remaining term-to-maturity.

2022					
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ —	\$ 7,522	\$ 10,326	\$ 43,592	\$ 61,440

2021					
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ —	\$ 7,942	\$ 10,686	\$ 47,343	\$ 65,971

Real Return Bond Fund (PIM) SF820

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Interest Rate Risk (continued)

As at December 31, 2022, had prevailing interest rates increased or decreased by 1% assuming a parallel shift in the yield curve, with all other variables held constant, net assets attributable to contractholders would have decreased or increased, respectively, by approximately \$4,504 (\$5,218 at December 31, 2021) or approximately 7.2% (7.8% at December 31, 2021). The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual results may differ and the difference could be significant.

D. Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt instruments includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt instruments represents the maximum credit risk exposure as at December 31, 2022. The amount of credit risk to any one issuer may be determined from the information reported in the Schedule of Investment Portfolio. The Fund may invest in short-term fixed income securities issued or guaranteed primarily by the Government of Canada or any Canadian provincial government, obligations of Canadian chartered banks or trust companies, and commercial paper with approved credit ratings. The risk of default on these short-term fixed income securities is considered low. The Company monitors credit risk and credit ratings on a regular basis. All new counterparties to financial instruments are subject to an approval process.

There was no change in fair values of financial liabilities as a result of changes in credit risks during 2022 or 2021.

All transactions in listed securities are settled and paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Credit ratings disclosed below are obtained from independent rating agencies including DBRS, Standard & Poor's, Moody's Investors Service and Fitch Ratings. The lowest rating provided by the agencies is used.

Debt securities by credit rating are as follows:

	2022		2021	
	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)
AAA	—	—	28.2	27.9
AA	93.7	92.7	66.9	66.1
A	6.3	6.2	4.9	4.8
Total	100.0	98.9	100.0	98.8

Real Return Bond Fund (PIM) SF820

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

<u>Assets measured at fair value</u>	2022			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Bonds	\$ —	\$ 61,440	\$ —	\$ 61,440
Total assets measured at fair value	\$ —	\$ 61,440	\$ —	\$ 61,440

<u>Assets measured at fair value</u>	2021			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Bonds	\$ —	\$ 65,971	\$ —	\$ 65,971
Total assets measured at fair value	\$ —	\$ 65,971	\$ —	\$ 65,971

There were no significant transfers between Level 1 and Level 2 during 2022 or 2021.

Real Return Bond Fund (PIM) SF820

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	21,396	29,222	43,301	65,404	66,487	216	351	521	713	685
75/100 guarantee policy	27,828	35,351	47,761	55,866	69,267	275	416	565	601	706
100/100 guarantee policy	3,325	5,084	9,588	32,667	40,137	32	59	112	348	405
PS1 75/75 guarantee policy	4,052	4,150	2,552	5,349	11,350	43	52	32	60	120
PS1 75/100 guarantee policy	15,492	15,587	14,401	29,501	28,820	161	193	178	329	303
PS2 100/100 guarantee policy	—	—	—	11,926	10,877	—	—	—	150	126
PPS 100/100 guarantee policy	—	—	283	22,053	26,449	—	—	3	226	254

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	10.08	12.00	12.03	10.90	10.30	(1.92)	(0.03)
75/100 guarantee policy	9.87	11.78	11.84	10.76	10.20	(1.91)	(0.06)
100/100 guarantee policy	9.71	11.61	11.69	10.64	10.10	(1.90)	(0.08)
PS1 75/75 guarantee policy	10.58	12.53	12.50	11.29	10.61	(1.95)	0.03
PS1 75/100 guarantee policy	10.41	12.36	12.35	11.16	10.51	(1.95)	0.01
PS2 100/100 guarantee policy	—	—	—	12.54	11.60	—	—
PPS 100/100 guarantee policy	—	—	11.38	10.25	9.62	—	—

Real Return Bond Fund (PIM) SF820

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Real Return Bond Fund (PIM) SF820

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Real Return Bond Fund (PIM) SF820

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Real Return Bond Fund (PIM) SF820

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Bonds

Bonds are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Real Return Bond Fund (PIM) SF820

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Interest income on debt securities - included in the change in fair value of such investments and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Real Return Bond Fund (PIM) SF820

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes interest income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Real Return Bond Fund (PIM) SF820

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Real Return Bond Fund (PIM) SF820

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

Portfolio units are those units owned by the Asset Allocation Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Real Return Bond Fund (PIM) SF820

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by the Company. All investment transactions with the corresponding underlying funds are at quoted market prices.

Real Return Bond Fund (PIM) SF820

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.06	2.06	2.07	2.08	2.13
75/100 guarantee policy	2.33	2.34	2.35	2.36	2.38
100/100 guarantee policy	2.50	2.50	2.53	2.53	2.55
PS1 75/75 guarantee policy	1.59	1.59	1.62	1.62	1.63
PS1 75/100 guarantee policy	1.76	1.76	1.78	1.78	1.80
PPS 100/100 guarantee policy	—	—	1.41	1.39	1.40

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	3.06	3.24	8.23	7.38	11.58

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
MONTHLY INCOME FUND (L) SF821

December 31, 2022

Independent Auditor's Report

To the Contractholders of Monthly Income Fund (L) SF821 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Monthly Income Fund (L) SF821

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	42,716	50,579
Total investments	42,716	50,579
Total assets	\$ 42,716	\$ 50,579
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 42,716	\$ 50,579

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (3,170)	\$ 4,417
Miscellaneous income (loss)	—	—
Total income (loss)	(3,170)	4,417
Expenses		
Management fees (note 8)	770	783
Other	80	77
Total expenses	850	860
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (4,020)	\$ 3,557

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 50,579	\$ 42,926
Contractholder deposits	1,658	8,457
Contractholder withdrawals	(5,501)	(4,361)
Increase (decrease) in net assets from operations attributable to contractholders	(4,020)	3,557
Change in net assets attributable to contractholders	(7,863)	7,653
Net assets attributable to contractholders - end of year	\$ 42,716	\$ 50,579

Monthly Income Fund (L) SF821

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (4,020)	\$ 3,557
Adjustments		
Realized (gains) losses	(3,180)	(3,218)
Unrealized (gains) losses	6,350	(1,199)
Gross proceeds of disposition of investments	58,088	35,567
Gross payments for the purchase of investments	(53,395)	(38,803)
	<u>3,843</u>	<u>(4,096)</u>
Financing Activities		
Contractholder deposits	1,658	8,457
Contractholder withdrawals	(5,501)	(4,361)
	<u>(3,843)</u>	<u>4,096</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Monthly Income Fund (L) SF821

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Maxxum Canadian Balanced Fund (Mackenzie) SF519	43,377	42,716
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	2.31%	
Mackenzie Global High Yield Fixed Income ETF *	2.07%	
Mackenzie Floating Rate Income ETF *	1.86%	
The Toronto-Dominion Bank	1.45%	
Government of Canada 1.75% 12-01-2053	1.45%	
Total Investments	43,377	42,716

*The issuer of this security is a related company to the issuer of the Fund.

Monthly Income Fund (L) SF821

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	294,128	302,648	282,013	213,484	169,029	3,552	3,989	3,474	2,585	1,871
75/100 guarantee policy	1,458,384	1,610,942	1,599,265	1,489,012	1,268,641	17,458	21,070	19,576	17,930	13,983
100/100 guarantee policy	46,194	59,859	54,537	78,960	93,561	546	774	661	943	1,025
PS1 75/75 guarantee policy	157,455	143,033	67,339	28,683	33,331	1,971	1,945	852	355	376
PS1 75/100 guarantee policy	454,254	494,201	350,391	351,580	333,267	5,614	6,646	4,392	4,318	3,732
PS1 100/100 guarantee policy	17,562	13,082	13,791	36,841	37,441	213	173	171	447	415
PS2 75/75 guarantee policy	5,704	—	8,730	38,083	25,125	84	—	125	523	307
PS2 75/100 guarantee policy	673,327	783,257	768,641	664,900	408,852	9,948	12,309	11,009	9,124	5,002
PS 75/75 guarantee policy	22,642	22,514	21,761	—	—	247	266	237	—	—
PS 75/100 guarantee policy	160,077	214,526	214,786	64,110	13,528	1,742	2,522	2,338	679	130
PPS 75/75 guarantee policy	3,741	3,776	—	—	—	42	45	—	—	—
PPS 75/100 guarantee policy	117,289	70,435	8,292	8,189	—	1,299	840	91	87	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	12.08	13.18	12.32	12.11	11.07	(1.10)	0.86
75/100 guarantee policy	11.97	13.08	12.24	12.04	11.02	(1.11)	0.84
100/100 guarantee policy	11.82	12.93	12.12	11.94	10.95	(1.11)	0.81
PS1 75/75 guarantee policy	12.52	13.60	12.66	12.38	11.27	(1.08)	0.94
PS1 75/100 guarantee policy	12.36	13.45	12.54	12.28	11.20	(1.09)	0.91
PS1 100/100 guarantee policy	12.14	13.24	12.37	12.15	11.10	(1.10)	0.87
PS2 75/75 guarantee policy	14.77	—	14.32	13.72	12.23	(0.94)	—
PS2 75/100 guarantee policy	14.77	15.71	14.32	13.72	12.24	(0.94)	1.39
PS 75/75 guarantee policy	10.93	11.80	10.91	—	—	(0.87)	0.89
PS 75/100 guarantee policy	10.88	11.76	10.88	10.59	9.59	(0.88)	0.88
PPS 75/75 guarantee policy	11.16	11.99	—	—	—	(0.83)	0.95
PPS 75/100 guarantee policy	11.08	11.92	10.99	10.65	—	(0.84)	0.93

Monthly Income Fund (L) SF821

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Monthly Income Fund (L) SF821 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Monthly Income Fund (L) SF821

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Monthly Income Fund (L) SF821

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Monthly Income Fund (L) SF821

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Monthly Income Fund (L) SF821

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Monthly Income Fund (L) SF821

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Monthly Income Fund (L) SF821

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Monthly Income Fund (L) SF821

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Monthly Income Fund (L) SF821

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Monthly Income Fund (L) SF821

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2022.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Monthly Income Fund (L) SF821

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Monthly Income Fund (L) SF821

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.59	2.54	2.53	2.53	2.54
75/100 guarantee policy	2.70	2.65	2.64	2.63	2.64
100/100 guarantee policy	2.87	2.81	2.81	2.80	2.81
PS1 75/75 guarantee policy	2.13	2.08	2.07	2.07	2.08
PS1 75/100 guarantee policy	2.29	2.25	2.24	2.24	2.24
PS1 100/100 guarantee policy	2.51	2.47	2.49	2.45	2.48
PS 75/75 guarantee policy	1.48	1.44	1.43	—	—
PS 75/100 guarantee policy	1.60	1.55	1.54	1.54	1.54
PPS 75/75 guarantee policy	1.03	1.00	—	—	—
PPS 75/100 guarantee policy	1.19	1.14	1.15	1.14	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	114.51	75.81	28.77	22.54	23.76

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
GLOBAL MONTHLY INCOME FUND (L) SF822

December 31, 2022

Independent Auditor's Report

To the Contractholders of Global Monthly Income Fund (L) SF822 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Global Monthly Income Fund (L) SF822

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	18,182	18,652
Total investments	18,182	18,652
Total assets	\$ 18,182	\$ 18,652
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 18,182	\$ 18,652

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (1,355)	\$ 1,437
Miscellaneous income (loss)	—	—
Total income (loss)	(1,355)	1,437
Expenses		
Management fees (note 8)	346	308
Other	37	31
Total expenses	383	339
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (1,738)	\$ 1,098

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year		
	\$ 18,652	\$ 16,067
Contractholder deposits	4,063	3,339
Contractholder withdrawals	(2,795)	(1,852)
Increase (decrease) in net assets from operations attributable to contractholders	(1,738)	1,098
Change in net assets attributable to contractholders	(470)	2,585
Net assets attributable to contractholders - end of year	\$ 18,182	\$ 18,652

Global Monthly Income Fund (L) SF822

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (1,738)	\$ 1,098
Adjustments		
Realized (gains) losses	(921)	(601)
Unrealized (gains) losses	2,276	(836)
Gross proceeds of disposition of investments	21,288	9,457
Gross payments for the purchase of investments	(22,173)	(10,605)
	<u>(1,268)</u>	<u>(1,487)</u>
Financing Activities		
Contractholder deposits	4,063	3,339
Contractholder withdrawals	(2,795)	(1,852)
	<u>1,268</u>	<u>1,487</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Global Monthly Income Fund (L) SF822

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Global Strategic Income Fund 1.85MI	18,354	18,182
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Mackenzie US Investment Grade Corporate Bond Index ETF *	3.70%	
United States Treasury Inflation Index 0.13% 01-15-2023	3.18%	
Mackenzie Floating Rate Income ETF *	2.41%	
Mackenzie Canadian All Corporate Bond Index ETF *	2.35%	
United States Treasury Inflation Index 0.13% 01-15-2031	2.03%	
Total Investments	18,354	18,182

*The issuer of this security is a related company to the issuer of the Fund.

Global Monthly Income Fund (L) SF822

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	254,161	209,499	176,306	97,134	47,504	2,873	2,608	2,070	1,122	503
75/100 guarantee policy	592,824	518,570	439,525	329,783	126,401	6,627	6,398	5,125	3,793	1,336
100/100 guarantee policy	42,808	36,073	40,825	39,203	14,556	474	441	473	449	153
PS1 75/75 guarantee policy	164,469	134,068	84,348	8,329	9,793	1,891	1,694	1,003	97	105
PS1 75/100 guarantee policy	278,458	225,920	175,992	46,919	158,118	3,169	2,829	2,077	544	1,681
PS1 100/100 guarantee policy	4,860	24,142	24,911	6,023	—	55	299	291	69	—
PS2 75/75 guarantee policy	4,049	1,629	55	—	—	53	23	1	—	—
PS2 75/100 guarantee policy	151,376	256,342	321,308	334,382	93,649	2,003	3,640	4,194	4,189	1,049
PS 75/75 guarantee policy	9,464	8,278	8,130	319	7,006	103	98	90	3	68
PS 75/100 guarantee policy	37,736	35,054	36,741	32,900	8,720	406	412	404	353	85
PPS 75/75 guarantee policy	11,922	10,460	12,950	6,967	—	131	125	144	75	—
PPS 75/100 guarantee policy	36,376	7,200	17,652	8,321	—	397	85	195	90	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	11.30	12.45	11.74	11.55	10.59	(1.15)	0.71
75/100 guarantee policy	11.18	12.34	11.66	11.50	10.57	(1.16)	0.68
100/100 guarantee policy	11.07	12.24	11.58	11.44	10.53	(1.17)	0.66
PS1 75/75 guarantee policy	11.50	12.63	11.89	11.67	10.67	(1.13)	0.74
PS1 75/100 guarantee policy	11.38	12.52	11.80	11.61	10.63	(1.14)	0.72
PS1 100/100 guarantee policy	11.23	12.39	11.70	11.53	—	(1.16) 1	0.69
PS2 75/75 guarantee policy	13.23	14.20	13.05	—	—	(0.97) 1	1.15
PS2 75/100 guarantee policy	13.23	14.20	13.05	12.53	11.20	(0.97)	1.15
PS 75/75 guarantee policy	10.87	11.84	11.04	10.75	9.75	(0.97)	0.80
PS 75/100 guarantee policy	10.77	11.75	10.99	10.72	9.74	(0.98)	0.76
PPS 75/75 guarantee policy	10.99	11.94	11.11	10.79	—	(0.95)	0.83
PPS 75/100 guarantee policy	10.91	11.87	11.07	10.76	—	(0.96)	0.80

Global Monthly Income Fund (L) SF822

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Global Monthly Income Fund (L) SF822 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Global Monthly Income Fund (L) SF822

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Global Monthly Income Fund (L) SF822

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Global Monthly Income Fund (L) SF822

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Global Monthly Income Fund (L) SF822

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Global Monthly Income Fund (L) SF822

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Global Monthly Income Fund (L) SF822

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Global Monthly Income Fund (L) SF822

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Global Monthly Income Fund (L) SF822

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Global Monthly Income Fund (L) SF822

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2022.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Global Monthly Income Fund (L) SF822

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Global Monthly Income Fund (L) SF822

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.59	2.54	2.54	2.53	2.53
75/100 guarantee policy	2.81	2.76	2.76	2.75	2.71
100/100 guarantee policy	2.98	2.94	2.92	2.91	2.88
PS1 75/75 guarantee policy	2.35	2.30	2.29	2.29	2.26
PS1 75/100 guarantee policy	2.52	2.47	2.44	2.47	2.42
PS1 100/100 guarantee policy	2.75	2.69	2.65	2.67	—
PS 75/75 guarantee policy	1.49	1.45	1.45	1.46	1.42
PS 75/100 guarantee policy	1.71	1.67	1.68	1.67	1.63
PPS 75/75 guarantee policy	1.25	1.21	1.21	1.22	—
PPS 75/100 guarantee policy	1.42	1.38	1.37	1.38	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾

For the years ended December 31	2022	2021	2020	2019	2018
PS1 75/75 guarantee policy	2.35	2.30	2.31	2.29	2.26
PS1 75/100 guarantee policy	2.52	2.47	2.46	2.47	2.42
PS1 100/100 guarantee policy	2.75	2.69	2.67	2.67	—
PPS 75/75 guarantee policy	1.25	1.21	1.23	1.22	—
PPS 75/100 guarantee policy	1.42	1.38	1.39	1.38	—

Portfolio Turnover Rate (%) ⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	117.39	56.14	17.48	31.61	22.26

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
DIVERSIFIED FUND (GLC) SF823

December 31, 2022

Independent Auditor's Report

To the Contractholders of Diversified Fund (GLC) SF823 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Diversified Fund (GLC) SF823

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	48,212	59,900
Total investments	48,212	59,900
Total assets	\$ 48,212	\$ 59,900
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 48,212	\$ 59,900

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (5,664)	\$ 4,844
Miscellaneous income (loss)	—	—
Total income (loss)	(5,664)	4,844
Expenses		
Management fees (note 8)	1,166	909
Other	124	100
Total expenses	1,290	1,009
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (6,954)	\$ 3,835

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 59,900	\$ 25,775
Contractholder deposits	736	34,607
Contractholder withdrawals	(5,470)	(4,317)
Increase (decrease) in net assets from operations attributable to contractholders	(6,954)	3,835
Change in net assets attributable to contractholders	(11,688)	34,125
Net assets attributable to contractholders - end of year	\$ 48,212	\$ 59,900

Diversified Fund (GLC) SF823

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (6,954)	\$ 3,835
Adjustments		
Realized (gains) losses	(281)	(950)
Unrealized (gains) losses	5,945	(3,894)
Gross proceeds of disposition of investments	67,537	13,797
Gross payments for the purchase of investments	(61,513)	(43,078)
	<u>4,734</u>	<u>(30,290)</u>
Financing Activities		
Contractholder deposits	736	34,607
Contractholder withdrawals	(5,470)	(4,317)
	<u>(4,734)</u>	<u>30,290</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Diversified Fund (GLC) SF823

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Maxxum Canadian Balanced Fund (Mackenzie) SF519	48,918	48,212
<i><u>Top 5 Holdings:</u></i>	<i><u>% of Total</u></i>	
Royal Bank of Canada	2.31%	
Mackenzie Global High Yield Fixed Income ETF *	2.07%	
Mackenzie Floating Rate Income ETF *	1.86%	
The Toronto-Dominion Bank	1.45%	
Government of Canada 1.75% 12-01-2053	1.45%	
Total Investments	48,918	48,212

*The issuer of this security is a related company to the issuer of the Fund.

Diversified Fund (GLC) SF823

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category ⁽¹⁾

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	590,903	565,031	210,112	20,184	—	6,139	6,631	2,265	204	—
75/100 guarantee policy	2,237,009	2,412,874	1,380,727	61,770	—	23,119	28,217	14,853	623	—
100/100 guarantee policy	13,234	17,481	4,618	—	—	136	204	50	—	—
PS1 75/75 guarantee policy	263,649	203,845	120,111	18,190	—	2,774	2,413	1,300	184	—
PS1 75/100 guarantee policy	1,014,675	1,355,101	465,380	17,319	—	10,621	15,986	5,030	175	—
PS1 100/100 guarantee policy	474	673	—	—	—	5	8	—	—	—
PS2 75/75 guarantee policy	23,095	27,241	—	—	—	260	338	—	—	—
PS2 75/100 guarantee policy	61,365	76,412	47,847	—	—	691	948	531	—	—
PS 75/75 guarantee policy	18,784	17,883	14,676	—	—	202	215	160	—	—
PS 75/100 guarantee policy	251,526	239,623	105,288	7,879	—	2,692	2,870	1,147	79	—
PPS 75/75 guarantee policy	87,429	91,548	2,856	—	—	953	1,111	31	—	—
PPS 75/100 guarantee policy	57,175	79,378	37,267	—	—	620	959	408	—	—

Net Assets Attributable to Contractholders Per Unit ⁽¹⁾ (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	10.39	11.74	10.78	10.09	—	(1.35)	0.96
75/100 guarantee policy	10.33	11.69	10.76	10.09	—	(1.36)	0.93
100/100 guarantee policy	10.28	11.66	10.74	—	—	(1.38)	0.92
PS1 75/75 guarantee policy	10.52	11.84	10.83	10.10	—	(1.32)	1.01
PS1 75/100 guarantee policy	10.47	11.80	10.81	10.10	—	(1.33)	0.99
PS1 100/100 guarantee policy	10.40	11.74	—	—	—	(1.34)	0.96
PS2 75/75 guarantee policy	11.27	12.40	—	—	—	(1.13)	1.30
PS2 75/100 guarantee policy	11.27	12.40	11.10	—	—	(1.13)	1.30
PS 75/75 guarantee policy	10.76	12.02	10.92	—	—	(1.26)	1.10
PS 75/100 guarantee policy	10.70	11.98	10.89	10.11	—	(1.28)	1.09
PPS 75/75 guarantee policy	10.91	12.14	10.98	—	—	(1.23)	1.16
PPS 75/100 guarantee policy	10.84	12.08	10.95	—	—	(1.24)	1.13

⁽¹⁾ The Fund commenced on November 4, 2019 and as a result does not have comparative figures for the prior year.

Diversified Fund (GLC) SF823

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Diversified Fund (GLC) SF823 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Diversified Fund (GLC) SF823

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Diversified Fund (GLC) SF823

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Diversified Fund (GLC) SF823

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Diversified Fund (GLC) SF823

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Diversified Fund (GLC) SF823

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Diversified Fund (GLC) SF823

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Diversified Fund (GLC) SF823

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Diversified Fund (GLC) SF823

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Diversified Fund (GLC) SF823

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2022.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Diversified Fund (GLC) SF823

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification. All Investment Fund Units held by the Fund are classified as Level 2. The Fund's investment in the real estate fund: "Real Estate Fund (GWLRA) SF353", was classified as Level 3 due to transaction restrictions at December 31, 2020.

The following table presents additional information about the Fund's assets measured at fair value on a recurring basis and classified as Level 3:

	2022	2021
Balance, beginning of year	\$ —	\$ 584
Total gain (loss) included in net assets from operations attributable to contractholders	—	11
Purchases	—	—
Sales	—	—
Settlements	—	—
Transfers into Level 3	—	—
Transfers out of Level 3	—	(595)
Balance, end of year	\$ —	\$ —
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	\$ —	\$ —

On January 11, 2021, Canada Life lifted the temporary suspension on contributions to and transfers into its Canadian real estate investment funds, and on April 19, 2021, the temporary suspension on redemptions and transfers out was fully lifted, as confidence over the valuation of the underlying properties returned as a result of increased market activity. As a result of the lifting of these temporary suspensions, the Fund's investment in the real estate fund with a fair value of \$595 was transferred on April 19, 2021 from Level 3 to Level 2.

Diversified Fund (GLC) SF823

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.59	2.57	2.54	2.54	—
75/100 guarantee policy	2.76	2.74	2.72	2.70	—
100/100 guarantee policy	2.92	2.91	2.87	—	—
PS1 75/75 guarantee policy	2.18	2.17	2.14	2.14	—
PS1 75/100 guarantee policy	2.36	2.33	2.32	2.30	—
PS1 100/100 guarantee policy	2.57	2.58	—	—	—
PS 75/75 guarantee policy	1.49	1.47	1.44	—	—
PS 75/100 guarantee policy	1.65	1.63	1.61	1.61	—
PPS 75/75 guarantee policy	1.08	1.07	1.06	—	—
PPS 75/100 guarantee policy	1.25	1.23	1.21	—	—

Portfolio Turnover Rate (%) ⁽²⁾⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	114.65	33.67	5.91	0.07	—

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

(3) The Fund commenced on November 4, 2019 and as a result does not have comparative figures for the prior year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
DIVERSIFIED FIXED INCOME FUND (PSG) SF824

December 31, 2022

Independent Auditor's Report

To the Contractholders of Diversified Fixed Income Fund (PSG) SF824 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Diversified Fixed Income Fund (PSG) SF824

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	84,982	83,051
Total investments	84,982	83,051
Total assets	\$ 84,982	\$ 83,051
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 84,982	\$ 83,051

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (8,849)	\$ (737)
Miscellaneous income (loss)	—	—
Total income (loss)	(8,849)	(737)
Expenses		
Management fees (note 8)	1,178	1,081
Other	148	142
Total expenses	1,326	1,223
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (10,175)	\$ (1,960)

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 83,051	\$ 50,213
Contractholder deposits	20,578	41,684
Contractholder withdrawals	(8,472)	(6,886)
Increase (decrease) in net assets from operations attributable to contractholders	(10,175)	(1,960)
Change in net assets attributable to contractholders	1,931	32,838
Net assets attributable to contractholders - end of year	\$ 84,982	\$ 83,051

Diversified Fixed Income Fund (PSG) SF824

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (10,175)	\$ (1,960)
Adjustments		
Realized (gains) losses	691	(80)
Unrealized (gains) losses	8,158	817
Gross proceeds of disposition of investments	10,830	9,721
Gross payments for the purchase of investments	<u>(21,610)</u>	<u>(43,296)</u>
	(12,106)	(34,798)
Financing Activities		
Contractholder deposits	20,578	41,684
Contractholder withdrawals	<u>(8,472)</u>	<u>(6,886)</u>
	12,106	34,798
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Diversified Fixed Income Fund (PSG) SF824

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Core Bond Fund (PIM) SF531	22,065	20,378
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 1.50% 12-01-2031	7.41%	
Government of Canada 2.00% 06-01-2032	6.76%	
Province of Ontario 3.75% 12-02-2053	5.29%	
Canada Housing Trust No. 1 Floating Rate 09-15-2026	4.57%	
National Bank of Canada 2.545% 07-12-2024	2.89%	
Corporate Bond Fund (PIM) SF817	8,159	7,645
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	2.63%	
Province of Ontario 3.75% 06-02-2032	2.22%	
The Bank of Nova Scotia 1.95% 01-10-2025	2.03%	
Province of Alberta 2.95% 06-01-2052	1.63%	
Enbridge Inc. 5.375% 09-27-2077	1.54%	
Global Unconstrained Fund (Mackenzie) SF530	6,205	5,986
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	5.60%	
Mackenzie Canadian All Corporate Bond Index ETF *	4.34%	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	4.10%	
Mackenzie Canadian Short Term Bond Index ETF *	3.50%	
Government of Canada 1.75% 12-01-2053	2.74%	
International Bond Fund (Laketon) SF036	4,776	4,270
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
United States Treasury 1.75% 05-15-2023	4.87%	
Buoni del Tesoro Poliennali 1.25% 12-01-2026	3.49%	
Buoni del Tesoro Poliennali 0.35% 02-01-2025	2.92%	
Government of Japan 0.40% 03-20-2025	2.75%	
Zurich Finance (Ireland) Designated Activity Co. 3.00% 04-19-2031	2.26%	
Long Term Bond Fund (PIM) SF818	7,886	6,762
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 1.75% 12-01-2053	4.84%	
Government of Canada 2.00% 12-01-2051	2.95%	
Province of Ontario 3.45% 06-02-2045	2.79%	
Province of Ontario 3.50% 06-02-2043	2.76%	
Province of Quebec 3.10% 12-01-2051	2.63%	

*The issuer of this security is a related company to the issuer of the Fund.

Diversified Fixed Income Fund (PSG) SF824

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Pathways Global Multi Sector Bond Fund (Brandywine) SF542	4,755	4,248
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
United States Treasury 2.25% 02-15-2052	18.42%	
Cash and short-term deposits	13.47%	
Republic of Columbia 7.00% 03-26-2031	2.67%	
Exeter Automobile Receivables Trust 4.00% 08-17-2026 144A	2.61%	
Federative Republic of Brazil 10.00% 01-01-2033	2.31%	
Private Credit Fund 1.76NL	776	811
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Zips Express Car Wash Floating Rate 03-01-2024	3.26%	
Hg Mercury 3 A LP Floating Rate 09-30-2027	3.22%	
Apex Service Partners Floating Rate 07-31-2025	3.21%	
Natus Medical Inc. Floating Rate 07-20-2029	3.19%	
TDR Capital IV LP Fund Floating Rate 05-31-2027	3.01%	
Real Return Bond Fund (PIM) SF820	4,499	4,248
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 4.00% 12-01-2031 Real Return	14.35%	
Government of Canada 1.50% 12-01-2044 Real Return	13.53%	
Government of Canada 2.00% 12-01-2041 Real Return	12.65%	
Government of Canada 1.25% 12-01-2047 Real Return	12.39%	
Government of Canada 3.00% 12-01-2036 Real Return	11.94%	
Short Term Bond Fund (PIM) SF816	6,114	6,012
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 2.75% 08-01-2024	13.70%	
Government of Canada 1.50% 06-01-2031	11.26%	
Canada Housing Trust No. 1 Floating Rate 09-15-2024	4.20%	
Province of Quebec 2.75% 09-01-2025	4.06%	
Pembina Pipeline Corp. 2.56% 06-01-2023	2.48%	
Tactical Bond Fund (PIM) SF558	26,803	24,622
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 2.00% 06-01-2032	5.99%	
Province of Ontario 3.75% 12-02-2053	4.53%	
Government of Canada 1.50% 12-01-2031	3.50%	
Government of Canada 2.75% 08-01-2024	3.41%	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	2.75%	
Total Investments	92,038	84,982

*The issuer of this security is a related company to the issuer of the Fund.

Diversified Fixed Income Fund (PSG) SF824

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category ⁽¹⁾

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	873,056	1,071,064	584,109	49,132	—	7,792	10,937	6,222	490	—
75/100 guarantee policy	2,777,431	2,664,958	1,740,787	174,059	—	24,701	27,149	18,519	1,737	—
100/100 guarantee policy	31,973	40,371	16,710	2,492	—	282	409	177	25	—
PS1 75/75 guarantee policy	760,514	581,589	282,146	27,609	—	6,912	6,013	3,025	276	—
PS1 75/100 guarantee policy	2,595,755	2,607,296	1,639,440	206,408	—	23,551	26,925	17,567	2,062	—
PS1 100/100 guarantee policy	54,146	51,373	4,252	—	—	490	529	46	—	—
PS2 75/75 guarantee policy	1,190,775	225,271	35,214	—	—	11,373	2,409	384	—	—
PS2 75/100 guarantee policy	306,286	211,598	171,480	8,615	—	2,925	2,263	1,871	86	—
PS 75/75 guarantee policy	68,553	48,270	41,874	2,704	—	623	499	449	27	—
PS 75/100 guarantee policy	275,329	185,613	76,327	1,700	—	2,492	1,914	817	17	—
PPS 75/75 guarantee policy	164,873	156,771	8,820	—	—	1,525	1,640	95	—	—
PPS 75/100 guarantee policy	250,795	216,527	96,529	15,497	—	2,316	2,263	1,041	155	—
PPS 100/100 guarantee policy	—	9,717	—	—	—	—	101	—	—	—

Net Assets Attributable to Contractholders Per Unit ⁽¹⁾ (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	8.92	10.21	10.65	9.98	—	(1.29)	(0.44)
75/100 guarantee policy	8.89	10.19	10.64	9.98	—	(1.30)	(0.45)
100/100 guarantee policy	8.83	10.14	10.61	9.98	—	(1.31)	(0.47)
PS1 75/75 guarantee policy	9.09	10.34	10.72	9.99	—	(1.25)	(0.38)
PS1 75/100 guarantee policy	9.07	10.33	10.72	9.99	—	(1.26)	(0.39)
PS1 100/100 guarantee policy	9.04	10.30	10.70	—	—	(1.26)	(0.40)
PS2 75/75 guarantee policy	9.55	10.69	10.91	—	—	(1.14)	(0.22)
PS2 75/100 guarantee policy	9.55	10.69	10.91	10.01	—	(1.14)	(0.22)
PS 75/75 guarantee policy	9.08	10.34	10.72	9.99	—	(1.26)	(0.38)
PS 75/100 guarantee policy	9.05	10.31	10.71	9.99	—	(1.26)	(0.40)
PPS 75/75 guarantee policy	9.25	10.46	10.79	—	—	(1.21)	(0.33)
PPS 75/100 guarantee policy	9.23	10.45	10.78	10.00	—	(1.22)	(0.33)
PPS 100/100 guarantee policy	—	10.43	—	—	—	—	(0.34)

⁽¹⁾ The Fund commenced on November 4, 2019 and as a result does not have comparative figures for the prior year.

Diversified Fixed Income Fund (PSG) SF824

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Diversified Fixed Income Fund (PSG) SF824 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Diversified Fixed Income Fund (PSG) SF824

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Diversified Fixed Income Fund (PSG) SF824

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Diversified Fixed Income Fund (PSG) SF824

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Diversified Fixed Income Fund (PSG) SF824

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Diversified Fixed Income Fund (PSG) SF824

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Diversified Fixed Income Fund (PSG) SF824

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Emperor,
- Flex,
- Generations/Mosaic,
- Generations I,
- Generations II,
- Generations Core,
- Prestige/Prestige Plus, and
- Private Collections.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Diversified Fixed Income Fund (PSG) SF824

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Diversified Fixed Income Fund (PSG) SF824

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Diversified Fixed Income Fund (PSG) SF824

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2022.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Diversified Fixed Income Fund (PSG) SF824

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Diversified Fixed Income Fund (PSG) SF824

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.17	2.17	2.10	2.10	—
75/100 guarantee policy	2.28	2.29	2.21	2.21	—
100/100 guarantee policy	2.51	2.51	2.43	2.43	—
PS1 75/75 guarantee policy	1.58	1.59	1.53	1.54	—
PS1 75/100 guarantee policy	1.64	1.65	1.59	1.59	—
PS1 100/100 guarantee policy	1.75	1.75	1.70	—	—
PS 75/75 guarantee policy	1.60	1.61	1.55	1.56	—
PS 75/100 guarantee policy	1.71	1.72	1.66	1.66	—
PPS 75/75 guarantee policy	1.02	1.02	0.99	—	—
PPS 75/100 guarantee policy	1.08	1.08	1.04	1.04	—
PPS 100/100 guarantee policy	—	1.19	—	—	—

Portfolio Turnover Rate (%) ⁽²⁾⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	13.31	14.57	4.06	5.58	—

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

(3) The Fund commenced on November 4, 2019 and as a result does not have comparative figures for the prior year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
EQUITY/BOND FUND (GLC) SF825

December 31, 2022

Independent Auditor's Report

To the Contractholders of Equity/Bond Fund (GLC) SF825 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Equity/Bond Fund (GLC) SF825

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	40,567	16,937
Total investments	40,567	16,937
Total assets	\$ 40,567	\$ 16,937
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 40,567	\$ 16,937

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (128)	\$ 1,738
Miscellaneous income (loss)	—	—
Total income (loss)	(128)	1,738
Expenses		
Management fees (note 8)	597	269
Other	60	29
Total expenses	657	298
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (785)	\$ 1,440

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year		
	\$ 16,937	\$ 8,526
Contractholder deposits	26,558	7,749
Contractholder withdrawals	(2,143)	(778)
Increase (decrease) in net assets from operations attributable to contractholders	(785)	1,440
Change in net assets attributable to contractholders	23,630	8,411
Net assets attributable to contractholders - end of year	\$ 40,567	\$ 16,937

Equity/Bond Fund (GLC) SF825

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (785)	\$ 1,440
Adjustments		
Realized (gains) losses	(759)	(381)
Unrealized (gains) losses	887	(1,357)
Gross proceeds of disposition of investments	22,827	6,475
Gross payments for the purchase of investments	(46,585)	(13,148)
	<u>(24,415)</u>	<u>(6,971)</u>
Financing Activities		
Contractholder deposits	26,558	7,749
Contractholder withdrawals	(2,143)	(778)
	<u>24,415</u>	<u>6,971</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Equity/Bond Fund (GLC) SF825

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Canadian Growth Balanced Fund 1.94MI	39,423	40,567
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	4.96%	
Stantec Inc.	3.59%	
TELUS Corp.	2.93%	
Royal Bank of Canada	2.78%	
Aon Corp.	2.78%	
Total Investments	39,423	40,567

*The issuer of this security is a related company to the issuer of the Fund.

Equity/Bond Fund (GLC) SF825

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category ⁽¹⁾

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	326,702	132,588	88,040	4,073	—	3,693	1,587	941	41	—
75/100 guarantee policy	2,255,534	830,609	493,371	69,882	—	25,365	9,908	5,263	706	—
100/100 guarantee policy	40,755	8,625	724	—	—	456	103	8	—	—
PS1 75/75 guarantee policy	153,450	110,630	51,048	8,821	—	1,757	1,336	548	89	—
PS1 75/100 guarantee policy	565,769	200,578	103,855	3,207	—	6,444	2,414	1,113	32	—
PS1 100/100 guarantee policy	2,441	—	—	—	—	28	—	—	—	—
PS2 75/75 guarantee policy	6,711	3,988	—	—	—	82	50	—	—	—
PS2 75/100 guarantee policy	94,487	24,800	26,515	—	—	1,158	314	292	—	—
PS 75/75 guarantee policy	4,917	13,006	2,926	—	—	58	159	32	—	—
PS 75/100 guarantee policy	116,890	68,829	29,957	1,344	—	1,361	841	323	14	—
PPS 75/100 guarantee policy	14,013	18,275	533	—	—	165	225	6	—	—

Net Assets Attributable to Contractholders Per Unit ⁽¹⁾ (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	11.30	11.97	10.69	10.10	—	(0.67)	1.28
75/100 guarantee policy	11.25	11.93	10.67	10.10	—	(0.68)	1.26
100/100 guarantee policy	11.19	11.89	10.65	—	—	(0.70)	1.24
PS1 75/75 guarantee policy	11.45	12.08	10.74	10.11	—	(0.63)	1.34
PS1 75/100 guarantee policy	11.39	12.03	10.72	10.10	—	(0.64)	1.31
PS1 100/100 guarantee policy	11.31	—	—	—	—	(0.66)	—
PS2 75/75 guarantee policy	12.26	12.65	—	—	—	(0.39)	1.64
PS2 75/100 guarantee policy	12.26	12.65	11.01	—	—	(0.39)	1.64
PS 75/75 guarantee policy	11.70	12.26	10.82	—	—	(0.56)	1.44
PS 75/100 guarantee policy	11.64	12.22	10.80	10.12	—	(0.58)	1.42
PPS 75/100 guarantee policy	11.79	12.32	10.86	—	—	(0.53)	1.46

⁽¹⁾ The Fund commenced on November 4, 2019 and as a result does not have comparative figures for the prior year.

Equity/Bond Fund (GLC) SF825

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Equity/Bond Fund (GLC) SF825 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Equity/Bond Fund (GLC) SF825

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Equity/Bond Fund (GLC) SF825

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Equity/Bond Fund (GLC) SF825

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Equity/Bond Fund (GLC) SF825

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Equity/Bond Fund (GLC) SF825

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Equity/Bond Fund (GLC) SF825

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Equity/Bond Fund (GLC) SF825

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Equity/Bond Fund (GLC) SF825

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Equity/Bond Fund (GLC) SF825

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2022.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Equity/Bond Fund (GLC) SF825

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Equity/Bond Fund (GLC) SF825

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.59	2.57	2.52	2.54	—
75/100 guarantee policy	2.75	2.74	2.69	2.70	—
100/100 guarantee policy	2.90	2.90	2.86	—	—
PS1 75/75 guarantee policy	2.17	2.17	2.12	2.14	—
PS1 75/100 guarantee policy	2.35	2.33	2.28	2.30	—
PS1 100/100 guarantee policy	2.57	—	—	—	—
PS 75/75 guarantee policy	1.50	1.46	1.44	—	—
PS 75/100 guarantee policy	1.64	1.63	1.59	1.61	—
PPS 75/100 guarantee policy	1.25	1.24	1.21	—	—

Portfolio Turnover Rate (%) ⁽²⁾⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	85.53	53.89	9.53	0.05	—

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

(3) The Fund commenced on November 4, 2019 and as a result does not have comparative figures for the prior year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
GLOBAL GROWTH BALANCED FUND 1.05TRP

December 31, 2022

Independent Auditor's Report

To the Contractholders of Global Growth Balanced Fund 1.05TRP (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Global Growth Balanced Fund 1.05TRP

(in Canadian \$ thousands)

Fund Manager: T Rowe Price (Canada), Inc.

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	55,783	73,619
Total investments	55,783	73,619
Total assets	\$ 55,783	\$ 73,619
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 55,783	\$ 73,619

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (15,063)	\$ 2,232
Miscellaneous income (loss)	—	—
Total income (loss)	(15,063)	2,232
Expenses		
Management fees (note 8)	1,365	1,112
Other	159	137
Total expenses	1,524	1,249
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (16,587)	\$ 983

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year	\$ 73,619	\$ 17,295
Contractholder deposits	2,383	57,358
Contractholder withdrawals	(3,632)	(2,017)
Increase (decrease) in net assets from operations attributable to contractholders	(16,587)	983
Change in net assets attributable to contractholders	(17,836)	56,324
Net assets attributable to contractholders - end of year	\$ 55,783	\$ 73,619

Global Growth Balanced Fund 1.05TRP

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (16,587)	\$ 983
Adjustments		
Realized (gains) losses	1,047	(46)
Unrealized (gains) losses	14,016	(2,186)
Gross proceeds of disposition of investments	9,921	1,027
Gross payments for the purchase of investments	<u>(7,148)</u>	<u>(55,119)</u>
	1,249	(55,341)
Financing Activities		
Contractholder deposits	2,383	57,358
Contractholder withdrawals	<u>(3,632)</u>	<u>(2,017)</u>
	(1,249)	55,341
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Global Growth Balanced Fund 1.05TRP

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Global Growth Equity Fund 1.07TRP	40,695	33,470
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Microsoft Corp.	2.83%	
Apple Inc.	2.63%	
Amazon.com Inc.	2.32%	
Alphabet Inc. Class C	1.80%	
Roper Technologies Inc.	1.79%	
Global Multi-Sector Bond Fund 1.06TRP	25,881	22,313
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
United States Treasury 4.00% 12-15-2025	3.64%	
Federal Republic of Germany 0.00% 04-16-2027	3.59%	
Republic of Austria 0.50% 04-20-2027	3.54%	
United States Treasury 2.625% 05-31-2027	3.49%	
T. Rowe Price SICAV Diversified Income Bond Class S	3.41%	
Total Investments	66,576	55,783

Global Growth Balanced Fund 1.05TRP

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category ⁽¹⁾

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	635,253	559,929	98,933	—	—	6,250	7,124	1,213	—	—
75/100 guarantee policy	2,163,315	2,052,860	592,856	—	—	21,129	25,997	7,258	—	—
PS1 75/75 guarantee policy	368,402	436,471	68,832	—	—	3,659	5,586	846	—	—
PS1 75/100 guarantee policy	1,938,801	1,805,601	408,243	—	—	19,112	23,005	5,010	—	—
PS2 75/75 guarantee policy	60,090	108,435	49,566	—	—	637	1,445	620	—	—
PS2 75/100 guarantee policy	255,566	299,486	70,339	—	—	2,709	3,991	878	—	—
PS 75/75 guarantee policy	31,634	94,084	2,784	—	—	321	1,220	34	—	—
PS 75/100 guarantee policy	55,635	106,285	31,676	—	—	560	1,371	390	—	—
PPS 75/75 guarantee policy	80,387	179,189	28,572	—	—	822	2,336	354	—	—
PPS 75/100 guarantee policy	57,529	118,999	56,022	—	—	584	1,544	692	—	—

Net Assets Attributable to Contractholders Per Unit ⁽¹⁾ (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	9.84	12.72	12.26	—	—	(2.88)	0.46
75/100 guarantee policy	9.77	12.66	12.24	—	—	(2.89)	0.42
PS1 75/75 guarantee policy	9.93	12.80	12.29	—	—	(2.87)	0.51
PS1 75/100 guarantee policy	9.86	12.74	12.27	—	—	(2.88)	0.47
PS2 75/75 guarantee policy	10.60	13.33	12.48	—	—	(2.73)	0.85
PS2 75/100 guarantee policy	10.60	13.33	12.48	—	—	(2.73)	0.85
PS 75/75 guarantee policy	10.14	12.97	12.36	—	—	(2.83)	0.61
PS 75/100 guarantee policy	10.06	12.90	12.33	—	—	(2.84)	0.57
PPS 75/75 guarantee policy	10.23	13.03	12.38	—	—	(2.80)	0.65
PPS 75/100 guarantee policy	10.15	12.98	12.36	—	—	(2.83)	0.62

⁽¹⁾ The Fund commenced on May 11, 2020 and as a result does not have comparative figures for the prior years.

Global Growth Balanced Fund 1.05TRP

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Global Growth Balanced Fund 1.05TRP (the Fund) is offered by The Canada Life Assurance Company (the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Global Growth Balanced Fund 1.05TRP

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Global Growth Balanced Fund 1.05TRP

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Global Growth Balanced Fund 1.05TRP

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Global Growth Balanced Fund 1.05TRP

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Global Growth Balanced Fund 1.05TRP

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Global Growth Balanced Fund 1.05TRP

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Global Growth Balanced Fund 1.05TRP

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Global Growth Balanced Fund 1.05TRP

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.

Global Growth Balanced Fund 1.05TRP

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2022.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Global Growth Balanced Fund 1.05TRP

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Global Growth Balanced Fund 1.05TRP

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.82	2.85	2.81	—	—
75/100 guarantee policy	3.10	3.13	3.09	—	—
PS1 75/75 guarantee policy	2.50	2.48	2.41	—	—
PS1 75/100 guarantee policy	2.77	2.76	2.69	—	—
PS 75/75 guarantee policy	1.72	1.71	1.72	—	—
PS 75/100 guarantee policy	1.99	1.99	1.99	—	—
PPS 75/75 guarantee policy	1.39	1.37	1.30	—	—
PPS 75/100 guarantee policy	1.67	1.65	1.59	—	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
PS1 75/75 guarantee policy	2.53	2.53	2.52	—	—
PS1 75/100 guarantee policy	2.80	2.81	2.80	—	—
PPS 75/75 guarantee policy	1.42	1.42	1.41	—	—
PPS 75/100 guarantee policy	1.70	1.70	1.70	—	—

Portfolio Turnover Rate (%) ⁽³⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	11.58	1.85	0.96	—	—

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

(4) The Fund commenced on May 11, 2020 and as a result does not have comparative figures for the prior years.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

RISK-MANAGED CONSERVATIVE INCOME PORTFOLIO FUND 1.21IL

December 31, 2022

Independent Auditor's Report

To the Contractholders of Risk-Managed Conservative Income Portfolio Fund 1.211L (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Risk-Managed Conservative Income Portfolio Fund 1.21IL

(in Canadian \$ thousands)

Fund Manager: Irish Life Investment Managers Limited (ILIM)

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	79,286	73,155
Total investments	79,286	73,155
Total assets	\$ 79,286	\$ 73,155
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 79,286	\$ 73,155

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (6,175)	\$ 2,549
Miscellaneous income (loss)	—	—
Total income (loss)	(6,175)	2,549
Expenses		
Management fees (note 8)	1,254	723
Other	151	70
Total expenses	1,405	793
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (7,580)	\$ 1,756

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year		
	\$ 73,155	\$ 12,617
Contractholder deposits	29,452	65,656
Contractholder withdrawals	(15,741)	(6,874)
Increase (decrease) in net assets from operations attributable to contractholders	(7,580)	1,756
Change in net assets attributable to contractholders	6,131	60,538
Net assets attributable to contractholders - end of year	\$ 79,286	\$ 73,155

Risk-Managed Conservative Income Portfolio Fund 1.21IL

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (7,580)	\$ 1,756
Adjustments		
Realized (gains) losses	695	(93)
Unrealized (gains) losses	5,480	(2,456)
Gross proceeds of disposition of investments	21,447	3,635
Gross payments for the purchase of investments	<u>(33,753)</u>	<u>(61,624)</u>
	<u>(13,711)</u>	<u>(58,782)</u>
Financing Activities		
Contractholder deposits	29,452	65,656
Contractholder withdrawals	<u>(15,741)</u>	<u>(6,874)</u>
	13,711	58,782
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Risk-Managed Conservative Income Portfolio Fund 1.21IL

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Canadian Aggregate Bond ETF Fund 1.44GLC	19,897	18,159
<i>Top Holdings:</i>	<i>% of Total</i>	
Mackenzie Canadian Aggregate Bond Index ETF *	100.00%	
Canadian All Corporate Bond ETF Fund 1.45GLC	7,676	7,114
<i>Top Holdings:</i>	<i>% of Total</i>	
Mackenzie Canadian All Corporate Bond Index ETF *	100.00%	
Canadian Equity Index ETF Fund 1.96MI	2,378	2,384
<i>Top Holdings:</i>	<i>% of Total</i>	
Mackenzie Canadian Equity Index ETF *	100.00%	
Canadian Low Vol Equity Fund (LC) SF554	2,211	2,384
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
The Toronto-Dominion Bank	5.44%	
Loblaw Companies Ltd.	5.21%	
Canadian National Railway Co.	5.08%	
Barrick Gold Corp.	4.82%	
Canadian Imperial Bank of Commerce	4.44%	
Canadian Short Term Bond Index ETF Fund 1.95MI	3,995	3,981
<i>Top Holdings:</i>	<i>% of Total</i>	
Mackenzie Canadian Short Term Bond Index ETF *	100.00%	
Global Dividend Fund (SAM) SF528	1,507	1,590
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Johnson & Johnson Inc.	4.19%	
The Procter & Gamble Co.	4.04%	
Sanofi SA	3.86%	
Sampo OYJ A	3.62%	
Nestle SA	3.46%	

*The issuer of this security is a related company to the issuer of the Fund.

Risk-Managed Conservative Income Portfolio Fund 1.21IL

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Global Founders Fund 1.00BG	1,477	1,593
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Omnicom Group Inc.	3.43%	
Amdocs Ltd.	3.27%	
Amgen Inc.	3.17%	
Harley-Davidson Inc.	2.98%	
Kimberly-Clark Corp.	2.87%	
Global Multi-Sector Bond Fund 1.06TRP	5,338	4,745
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
United States Treasury 4.00% 12-15-2025	3.64%	
Federal Republic of Germany 0.00% 04-16-2027	3.59%	
Republic of Austria 0.50% 04-20-2027	3.54%	
United States Treasury 2.625% 05-31-2027	3.49%	
T. Rowe Price SICAV Diversified Income Bond Class S	3.41%	
Money Market Fund (Laketon) SF029	3,936	4,017
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
National Bank of Canada Floating Rate 02-09-2023	5.79%	
The Bank of Nova Scotia Floating Rate 04-06-2023	4.74%	
Province of Ontario 4.118% 01-18-2023	4.45%	
Bank of Montreal 4.254% 01-04-2023	4.03%	
The Toronto-Dominion Bank Floating Rate 01-31-2025	3.72%	
Multi-Strategy Absolute Return Fund 1.43MF	4,075	4,016
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	39.64%	
Mackenzie ChinaAMC All China Equity Fund Series R *	6.65%	
United States Treasury 2.88% 05-15-2032	2.23%	
United States Treasury 1.88% 02-28-2027	1.60%	
TotalEnergies SE ADR	1.25%	

*The issuer of this security is a related company to the issuer of the Fund.

Risk-Managed Conservative Income Portfolio Fund 1.21IL

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Pathways Canadian Equity Fund (GWLIM) SF543	1,456	1,587
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.70%	
The Toronto-Dominion Bank	6.05%	
Bank of Montreal	5.62%	
Canadian Pacific Railway Ltd.	4.44%	
Canadian National Railway Co.	3.71%	
Pathways Global Multi Sector Bond Fund (Brandywine) SF542	8,666	7,907
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
United States Treasury 2.25% 02-15-2052	18.42%	
Cash and short-term deposits	13.47%	
Republic of Columbia 7.00% 03-26-2031	2.67%	
Exeter Automobile Receivables Trust 4.00% 08-17-2026 144A	2.61%	
Federative Republic of Brazil 10.00% 01-01-2033	2.31%	
Pathways Global Tactical Fund (ILIM) SF551	2,440	2,376
<i>Top Holdings:</i>	<i>% of Total</i>	
Vanguard S&P 500 ETF	53.11%	
Cash and short-term deposits	24.52%	
Vanguard FTSE Developed Markets ETF	22.37%	
Risk Reduction Pool Fund 1.42IL	15,342	15,852
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
SPDR S&P 500 ETF Trust	78.20%	
Cash and short-term deposits	18.55%	
PUT SPX 06-13-2023	0.80%	
PUT SPX 03-17-2023	0.78%	
PUT SPX 09-15-2023	0.78%	
US Aggregate Bond ETF Fund 1.47GLC	1,789	1,581
<i>Top Holdings:</i>	<i>% of Total</i>	
Vanguard US Aggregate Bond Hedged to CAD Index ETF	100.00%	
Total Investments	82,183	79,286

Risk-Managed Conservative Income Portfolio Fund 1.21IL

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category ⁽¹⁾

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	1,201,015	948,740	288,695	—	—	11,333	9,932	2,936	—	—
75/100 guarantee policy	2,686,109	2,175,388	429,709	—	—	25,195	22,702	4,367	—	—
PS1 75/75 guarantee policy	479,128	475,502	57,970	—	—	4,544	4,992	590	—	—
PS1 75/100 guarantee policy	2,103,028	2,132,975	370,940	—	—	19,900	22,364	3,773	—	—
PS2 75/75 guarantee policy	93,002	104,503	11,221	—	—	918	1,120	114	—	—
PS2 75/100 guarantee policy	493,096	188,466	1,817	—	—	4,868	2,021	19	—	—
PS 75/75 guarantee policy	195,908	194,540	13,210	—	—	1,882	2,056	134	—	—
PS 75/100 guarantee policy	442,654	351,930	19,736	—	—	4,227	3,708	201	—	—
PPS 75/75 guarantee policy	202,598	123,169	47,469	—	—	1,956	1,305	483	—	—
PPS 75/100 guarantee policy	463,350	279,162	—	—	—	4,463	2,955	—	—	—

Net Assets Attributable to Contractholders Per Unit ⁽¹⁾ (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	9.44	10.47	10.17	—	—	(1.03)	0.30
75/100 guarantee policy	9.38	10.44	10.16	—	—	(1.06)	0.28
PS1 75/75 guarantee policy	9.48	10.50	10.17	—	—	(1.02)	0.33
PS1 75/100 guarantee policy	9.46	10.48	10.17	—	—	(1.02)	0.31
PS2 75/75 guarantee policy	9.87	10.72	10.20	—	—	(0.85)	0.52
PS2 75/100 guarantee policy	9.87	10.72	10.20	—	—	(0.85)	0.52
PS 75/75 guarantee policy	9.61	10.57	10.18	—	—	(0.96)	0.39
PS 75/100 guarantee policy	9.55	10.54	10.18	—	—	(0.99)	0.36
PPS 75/75 guarantee policy	9.66	10.60	10.19	—	—	(0.94)	0.41
PPS 75/100 guarantee policy	9.63	10.58	—	—	—	(0.95)	0.40

⁽¹⁾ The Fund commenced on November 4, 2020 and as a result does not have comparative figures for the prior years.

Risk-Managed Conservative Income Portfolio Fund 1.21IL

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Risk-Managed Conservative Income Portfolio Fund 1.21IL (the Fund) is offered by The Canada Life Assurance Company (the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Risk-Managed Conservative Income Portfolio Fund 1.21IL

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Risk-Managed Conservative Income Portfolio Fund 1.21IL

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Risk-Managed Conservative Income Portfolio Fund 1.21IL

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Risk-Managed Conservative Income Portfolio Fund 1.21IL

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Risk-Managed Conservative Income Portfolio Fund 1.21IL

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) **Amounts Due to/from Broker**

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

i) **Amounts Due to/from Outside Parties**

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) **Other Expenses**

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) **Income Allocation**

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) **Issue and Redemption of Units**

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Risk-Managed Conservative Income Portfolio Fund 1.21IL

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Risk-Managed Conservative Income Portfolio Fund 1.21IL

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Risk-Managed Conservative Income Portfolio Fund 1.21IL

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Irish Life Investment Managers Limited. All investment transactions with the corresponding underlying funds are at quoted market prices.

Risk-Managed Conservative Income Portfolio Fund 1.21IL

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2022.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Risk-Managed Conservative Income Portfolio Fund 1.21IL

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Risk-Managed Conservative Income Portfolio Fund 1.21IL

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.13	2.08	2.07	—	—
75/100 guarantee policy	2.41	2.37	2.35	—	—
PS1 75/75 guarantee policy	1.90	1.86	1.82	—	—
PS1 75/100 guarantee policy	2.01	1.95	1.93	—	—
PS 75/75 guarantee policy	1.30	1.26	1.25	—	—
PS 75/100 guarantee policy	1.57	1.53	1.52	—	—
PPS 75/75 guarantee policy	1.05	1.03	0.99	—	—
PPS 75/100 guarantee policy	1.16	1.13	—	—	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
PS1 75/75 guarantee policy	1.90	1.86	1.84	—	—
PS1 75/100 guarantee policy	2.01	1.95	1.95	—	—
PPS 75/75 guarantee policy	1.05	1.03	1.01	—	—

Portfolio Turnover Rate (%) ⁽³⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	28.01	8.74	3.78	—	—

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

(4) The Fund commenced on November 4, 2020 and as a result does not have comparative figures for the prior years.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
RISK-MANAGED BALANCED PORTFOLIO FUND 1.22IL

December 31, 2022

Independent Auditor's Report

To the Contractholders of Risk-Managed Balanced Portfolio Fund 1.221L (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Risk-Managed Balanced Portfolio Fund 1.22IL

(in Canadian \$ thousands)

Fund Manager: Irish Life Investment Managers Limited (ILIM)

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	126,600	107,038
Total investments	126,600	107,038
Total assets	\$ 126,600	\$ 107,038
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 126,600	\$ 107,038

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (8,129)	\$ 5,560
Miscellaneous income (loss)	—	—
Total income (loss)	(8,129)	5,560
Expenses		
Management fees (note 8)	2,156	1,076
Other	226	104
Total expenses	2,382	1,180
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (10,511)	\$ 4,380

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year		
	\$ 107,038	\$ 13,136
Contractholder deposits	41,328	95,115
Contractholder withdrawals	(11,255)	(5,593)
Increase (decrease) in net assets from operations attributable to contractholders	(10,511)	4,380
Change in net assets attributable to contractholders	19,562	93,902
Net assets attributable to contractholders - end of year	\$ 126,600	\$ 107,038

Risk-Managed Balanced Portfolio Fund 1.22IL

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (10,511)	\$ 4,380
Adjustments		
Realized (gains) losses	893	(19)
Unrealized (gains) losses	7,236	(5,541)
Gross proceeds of disposition of investments	25,451	547
Gross payments for the purchase of investments	<u>(53,142)</u>	<u>(88,889)</u>
	(30,073)	(89,522)
Financing Activities		
Contractholder deposits	41,328	95,115
Contractholder withdrawals	<u>(11,255)</u>	<u>(5,593)</u>
	30,073	89,522
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Risk-Managed Balanced Portfolio Fund 1.22IL

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Canadian Aggregate Bond ETF Fund 1.44GLC	9,599	8,799
<i>Top Holdings:</i>	<i>% of Total</i>	
Mackenzie Canadian Aggregate Bond Index ETF *	100.00%	
Canadian All Corporate Bond ETF Fund 1.45GLC	9,479	8,811
<i>Top Holdings:</i>	<i>% of Total</i>	
Mackenzie Canadian All Corporate Bond Index ETF *	100.00%	
Canadian Equity Index ETF Fund 1.96MI	5,089	5,098
<i>Top Holdings:</i>	<i>% of Total</i>	
Mackenzie Canadian Equity Index ETF *	100.00%	
Canadian Low Vol Equity Fund (LC) SF554	7,008	7,635
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
The Toronto-Dominion Bank	5.44%	
Loblaw Companies Ltd.	5.21%	
Canadian National Railway Co.	5.08%	
Barrick Gold Corp.	4.82%	
Canadian Imperial Bank of Commerce	4.44%	
Canadian Short Term Bond Index ETF Fund 1.95MI	6,352	6,330
<i>Top Holdings:</i>	<i>% of Total</i>	
Mackenzie Canadian Short Term Bond Index ETF *	100.00%	

*The issuer of this security is a related company to the issuer of the Fund.

Risk-Managed Balanced Portfolio Fund 1.22IL

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	Average Cost	Fair Value
Investment Fund Units (continued)		
Developed Markets ex-U.S. Index ETF Fund 1.98MI	1,451	1,525
<i>Top Holdings:</i>	<i>% of Total</i>	
Vanguard FTSE Developed Markets ETF	100.00%	
Global Dividend Fund (SAM) SF528	3,632	3,835
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Johnson & Johnson Inc.	4.19%	
The Procter & Gamble Co.	4.04%	
Sanofi SA	3.86%	
Sampo OYJ A	3.62%	
Nestle SA	3.46%	
Global Founders Fund 1.00BG	3,542	3,826
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Omnicom Group Inc.	3.43%	
Amdocs Ltd.	3.27%	
Amgen Inc.	3.17%	
Harley-Davidson Inc.	2.98%	
Kimberly-Clark Corp.	2.87%	
Global Multi-Sector Bond Fund 1.06TRP	8,586	7,558
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
United States Treasury 4.00% 12-15-2025	3.64%	
Federal Republic of Germany 0.00% 04-16-2027	3.59%	
Republic of Austria 0.50% 04-20-2027	3.54%	
United States Treasury 2.625% 05-31-2027	3.49%	
T. Rowe Price SICAV Diversified Income Bond Class S	3.41%	
Money Market Fund (Laketon) SF029	3,754	3,831
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
National Bank of Canada Floating Rate 02-09-2023	5.79%	
The Bank of Nova Scotia Floating Rate 04-06-2023	4.74%	
Province of Ontario 4.118% 01-18-2023	4.45%	
Bank of Montreal 4.254% 01-04-2023	4.03%	
The Toronto-Dominion Bank Floating Rate 01-31-2025	3.72%	

Risk-Managed Balanced Portfolio Fund 1.22IL

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Multi-Strategy Absolute Return Fund 1.43MF	6,460	6,382
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	39.64%	
Mackenzie ChinaAMC All China Equity Fund Series R *	6.65%	
United States Treasury 2.88% 05-15-2032	2.23%	
United States Treasury 1.88% 02-28-2027	1.60%	
TotalEnergies SE ADR	1.25%	
Pathways Canadian Equity Fund (GWLIM) SF543	4,604	5,090
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.70%	
The Toronto-Dominion Bank	6.05%	
Bank of Montreal	5.62%	
Canadian Pacific Railway Ltd.	4.44%	
Canadian National Railway Co.	3.71%	
Pathways Global Multi Sector Bond Fund (Brandywine) SF542	13,791	12,600
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
United States Treasury 2.25% 02-15-2052	18.42%	
Cash and short-term deposits	13.47%	
Republic of Columbia 7.00% 03-26-2031	2.67%	
Exeter Automobile Receivables Trust 4.00% 08-17-2026 144A	2.61%	
Federative Republic of Brazil 10.00% 01-01-2033	2.31%	
Pathways Global Tactical Fund (ILIM) SF551	7,798	7,595
<i>Top Holdings:</i>	<i>% of Total</i>	
Vanguard S&P 500 ETF	53.11%	
Cash and short-term deposits	24.52%	
Vanguard FTSE Developed Markets ETF	22.37%	
Risk Reduction Pool Fund 1.42IL	30,533	31,623
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
SPDR S&P 500 ETF Trust	78.20%	
Cash and short-term deposits	18.55%	
PUT SPX 06-13-2023	0.80%	
PUT SPX 03-17-2023	0.78%	
PUT SPX 09-15-2023	0.78%	

*The issuer of this security is a related company to the issuer of the Fund.

Risk-Managed Balanced Portfolio Fund 1.22IL

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
U.S. Equity Large Cap Index ETF Fund 1.97MI	3,610	3,542
<i>Top Holdings:</i>	<i>% of Total</i>	
Vanguard S&P 500 ETF	100.00%	
US Aggregate Bond ETF Fund 1.47GLC	2,849	2,520
<i>Top Holdings:</i>	<i>% of Total</i>	
Vanguard US Aggregate Bond Hedged to CAD Index ETF	100.00%	
Total Investments	128,137	126,600

Risk-Managed Balanced Portfolio Fund 1.22IL

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category ⁽¹⁾

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	1,347,874	1,013,138	170,165	—	—	13,272	11,007	1,742	—	—
75/100 guarantee policy	3,790,325	2,920,289	364,092	—	—	37,102	31,626	3,725	—	—
PS1 75/75 guarantee policy	1,449,515	1,200,848	85,077	—	—	14,332	13,074	871	—	—
PS1 75/100 guarantee policy	3,045,908	2,245,279	470,538	—	—	30,045	24,415	4,816	—	—
PS2 75/75 guarantee policy	409,079	395,838	36,064	—	—	4,254	4,427	370	—	—
PS2 75/100 guarantee policy	1,471,656	1,169,853	89,891	—	—	15,304	13,084	924	—	—
PS 75/75 guarantee policy	190,072	139,211	6,638	—	—	1,916	1,532	68	—	—
PS 75/100 guarantee policy	483,635	333,228	42,821	—	—	4,848	3,655	439	—	—
PPS 75/75 guarantee policy	331,380	252,755	17,616	—	—	3,355	2,787	181	—	—
PPS 75/100 guarantee policy	215,049	129,911	—	—	—	2,172	1,431	—	—	—

Net Assets Attributable to Contractholders Per Unit ⁽¹⁾ (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	9.85	10.86	10.23	—	—	(1.01)	0.63
75/100 guarantee policy	9.79	10.83	10.23	—	—	(1.04)	0.60
PS1 75/75 guarantee policy	9.89	10.89	10.24	—	—	(1.00)	0.65
PS1 75/100 guarantee policy	9.86	10.87	10.24	—	—	(1.01)	0.63
PS2 75/75 guarantee policy	10.40	11.18	10.27	—	—	(0.78)	0.91
PS2 75/100 guarantee policy	10.40	11.18	10.27	—	—	(0.78)	0.91
PS 75/75 guarantee policy	10.08	11.00	10.25	—	—	(0.92)	0.75
PS 75/100 guarantee policy	10.02	10.97	10.25	—	—	(0.95)	0.72
PPS 75/75 guarantee policy	10.12	11.03	10.26	—	—	(0.91)	0.77
PPS 75/100 guarantee policy	10.10	11.01	—	—	—	(0.91)	0.76

⁽¹⁾ The Fund commenced on November 4, 2020 and as a result does not have comparative figures for the prior years.

Risk-Managed Balanced Portfolio Fund 1.22IL

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Risk-Managed Balanced Portfolio Fund 1.22IL (the Fund) is offered by The Canada Life Assurance Company (the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Risk-Managed Balanced Portfolio Fund 1.22IL

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Risk-Managed Balanced Portfolio Fund 1.22IL

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Risk-Managed Balanced Portfolio Fund 1.22IL

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Risk-Managed Balanced Portfolio Fund 1.22IL

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Risk-Managed Balanced Portfolio Fund 1.22IL

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Risk-Managed Balanced Portfolio Fund 1.22IL

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Risk-Managed Balanced Portfolio Fund 1.22IL

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Risk-Managed Balanced Portfolio Fund 1.22IL

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Irish Life Investment Managers Limited. All investment transactions with the corresponding underlying funds are at quoted market prices.

Risk-Managed Balanced Portfolio Fund 1.22IL

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2022.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Risk-Managed Balanced Portfolio Fund 1.22IL

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Risk-Managed Balanced Portfolio Fund 1.22IL

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.56	2.55	2.52	—	—
75/100 guarantee policy	2.83	2.82	2.79	—	—
PS1 75/75 guarantee policy	2.36	2.37	2.31	—	—
PS1 75/100 guarantee policy	2.47	2.48	2.42	—	—
PS 75/75 guarantee policy	1.46	1.44	1.42	—	—
PS 75/100 guarantee policy	1.73	1.71	1.69	—	—
PPS 75/75 guarantee policy	1.26	1.26	1.21	—	—
PPS 75/100 guarantee policy	1.37	1.36	—	—	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
PS1 75/75 guarantee policy	2.38	2.37	2.34	—	—
PS1 75/100 guarantee policy	2.49	2.48	2.45	—	—
PPS 75/75 guarantee policy	1.28	1.26	1.24	—	—
PPS 75/100 guarantee policy	1.39	1.36	—	—	—

Portfolio Turnover Rate (%) ⁽³⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	21.63	0.92	0.02	—	—

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

(4) The Fund commenced on November 4, 2020 and as a result does not have comparative figures for the prior years.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
RISK-MANAGED GROWTH PORTFOLIO FUND 1.23IL

December 31, 2022

Independent Auditor's Report

To the Contractholders of Risk-Managed Growth Portfolio Fund 1.231L (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Risk-Managed Growth Portfolio Fund 1.23IL

(in Canadian \$ thousands)

Fund Manager: Irish Life Investment Managers Limited (ILIM)

Statement of Financial Position

	December 31 2022	December 31 2021
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	45,150	36,405
Total investments	45,150	36,405
Total assets	\$ 45,150	\$ 36,405
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 45,150	\$ 36,405

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
Income		
Net gain (loss) on investments	\$ (3,265)	\$ 1,962
Miscellaneous income (loss)	—	—
Total income (loss)	(3,265)	1,962
Expenses		
Management fees (note 8)	466	210
Other	51	21
Total expenses	517	231
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (3,782)	\$ 1,731

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
Net assets attributable to contractholders - beginning of year		
	\$ 36,405	\$ 4,378
Contractholder deposits	19,655	31,846
Contractholder withdrawals	(7,128)	(1,550)
Increase (decrease) in net assets from operations attributable to contractholders	(3,782)	1,731
Change in net assets attributable to contractholders	8,745	32,027
Net assets attributable to contractholders - end of year	\$ 45,150	\$ 36,405

Risk-Managed Growth Portfolio Fund 1.23IL

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (3,782)	\$ 1,731
Adjustments		
Realized (gains) losses	368	(55)
Unrealized (gains) losses	2,897	(1,907)
Gross proceeds of disposition of investments	15,823	1,321
Gross payments for the purchase of investments	<u>(27,833)</u>	<u>(31,386)</u>
	<u>(12,527)</u>	<u>(30,296)</u>
Financing Activities		
Contractholder deposits	19,655	31,846
Contractholder withdrawals	<u>(7,128)</u>	<u>(1,550)</u>
	<u>12,527</u>	<u>30,296</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Risk-Managed Growth Portfolio Fund 1.23IL

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Canadian Equity Index ETF Fund 1.96MI	2,257	2,259
<i>Top Holdings:</i>	<i>% of Total</i>	
Mackenzie Canadian Equity Index ETF *	100.00%	
Canadian Low Vol Equity Fund (LC) SF554	2,127	2,257
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
The Toronto-Dominion Bank	5.44%	
Loblaw Companies Ltd.	5.21%	
Canadian National Railway Co.	5.08%	
Barrick Gold Corp.	4.82%	
Canadian Imperial Bank of Commerce	4.44%	
Canadian Short Term Bond Index ETF Fund 1.95MI	907	904
<i>Top Holdings:</i>	<i>% of Total</i>	
Mackenzie Canadian Short Term Bond Index ETF *	100.00%	
Developed Markets ex-U.S. Index ETF Fund 1.98MI	1,027	1,082
<i>Top Holdings:</i>	<i>% of Total</i>	
Vanguard FTSE Developed Markets ETF	100.00%	
Emerging Markets ETF Fund 1.46GLC	3,562	3,169
<i>Top Holdings:</i>	<i>% of Total</i>	
Vanguard MSCI Emerging Markets ETF	100.00%	

*The issuer of this security is a related company to the issuer of the Fund.

Risk-Managed Growth Portfolio Fund 1.23IL

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Global Dividend Fund (SAM) SF528	1,306	1,356
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Johnson & Johnson Inc.	4.19%	
The Procter & Gamble Co.	4.04%	
Sanofi SA	3.86%	
Sampo OYJ A	3.62%	
Nestle SA	3.46%	
Global Founders Fund 1.00BG	2,992	3,167
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Omnicom Group Inc.	3.43%	
Amdocs Ltd.	3.27%	
Amgen Inc.	3.17%	
Harley-Davidson Inc.	2.98%	
Kimberly-Clark Corp.	2.87%	
Global Multi-Sector Bond Fund 1.06TRP	2,035	1,800
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
United States Treasury 4.00% 12-15-2025	3.64%	
Federal Republic of Germany 0.00% 04-16-2027	3.59%	
Republic of Austria 0.50% 04-20-2027	3.54%	
United States Treasury 2.625% 05-31-2027	3.49%	
T. Rowe Price SICAV Diversified Income Bond Class S	3.41%	
Multi-Strategy Absolute Return Fund 1.43MF	2,317	2,267
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	39.64%	
Mackenzie ChinaAMC All China Equity Fund Series R *	6.65%	
United States Treasury 2.88% 05-15-2032	2.23%	
United States Treasury 1.88% 02-28-2027	1.60%	
TotalEnergies SE ADR	1.25%	
Pathways Canadian Equity Fund (GWLIM) SF543	2,516	2,710
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.70%	
The Toronto-Dominion Bank	6.05%	
Bank of Montreal	5.62%	
Canadian Pacific Railway Ltd.	4.44%	
Canadian National Railway Co.	3.71%	

*The issuer of this security is a related company to the issuer of the Fund.

Risk-Managed Growth Portfolio Fund 1.23IL

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Pathways Global Multi Sector Bond Fund (Brandywine) SF542	4,437	4,054
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
United States Treasury 2.25% 02-15-2052	18.42%	
Cash and short-term deposits	13.47%	
Republic of Columbia 7.00% 03-26-2031	2.67%	
Exeter Automobile Receivables Trust 4.00% 08-17-2026 144A	2.61%	
Federative Republic of Brazil 10.00% 01-01-2033	2.31%	
Pathways Global Tactical Fund (ILIM) SF551	3,815	3,614
<i>Top Holdings:</i>	<i>% of Total</i>	
Vanguard S&P 500 ETF	53.11%	
Cash and short-term deposits	24.52%	
Vanguard FTSE Developed Markets ETF	22.37%	
Risk Reduction Pool Fund 1.42IL	11,103	11,266
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
SPDR S&P 500 ETF Trust	78.20%	
Cash and short-term deposits	18.55%	
PUT SPX 06-13-2023	0.80%	
PUT SPX 03-17-2023	0.78%	
PUT SPX 09-15-2023	0.78%	
U.S. Equity Large Cap Index ETF Fund 1.97MI	2,583	2,533
<i>Top Holdings:</i>	<i>% of Total</i>	
Vanguard S&P 500 ETF	100.00%	
U.S. Growth Leaders Fund S-286MF	3,134	2,712
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Microsoft Corp.	9.58%	
Apple Inc.	9.15%	
Amazon.com Inc.	3.94%	
UnitedHealth Group Inc.	3.83%	
Alphabet Inc. Class C	3.56%	
Total Investments	46,118	45,150

Risk-Managed Growth Portfolio Fund 1.23IL

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category ⁽¹⁾

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	512,211	356,122	56,195	—	—	5,165	3,995	580	—	—
75/100 guarantee policy	760,943	514,647	45,130	—	—	7,628	5,755	466	—	—
PS1 75/75 guarantee policy	434,495	275,185	46,534	—	—	4,400	3,093	481	—	—
PS1 75/100 guarantee policy	370,756	176,485	66,748	—	—	3,745	1,981	689	—	—
PS2 75/75 guarantee policy	1,781,305	1,572,822	188,564	—	—	19,018	18,185	1,955	—	—
PS2 75/100 guarantee policy	107,086	66,181	6,220	—	—	1,143	765	65	—	—
PS 75/75 guarantee policy	68,274	48,488	—	—	—	705	551	—	—	—
PS 75/100 guarantee policy	51,181	46,082	—	—	—	525	522	—	—	—
PPS 75/75 guarantee policy	220,324	93,817	13,692	—	—	2,285	1,068	142	—	—
PPS 75/100 guarantee policy	51,798	43,094	—	—	—	536	490	—	—	—

Net Assets Attributable to Contractholders Per Unit ⁽¹⁾ (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	10.08	11.22	10.33	—	—	(1.14)	0.89
75/100 guarantee policy	10.02	11.18	10.32	—	—	(1.16)	0.86
PS1 75/75 guarantee policy	10.13	11.24	10.33	—	—	(1.11)	0.91
PS1 75/100 guarantee policy	10.10	11.23	10.33	—	—	(1.13)	0.90
PS2 75/75 guarantee policy	10.68	11.56	10.37	—	—	(0.88)	1.19
PS2 75/100 guarantee policy	10.68	11.56	10.37	—	—	(0.88)	1.19
PS 75/75 guarantee policy	10.33	11.36	—	—	—	(1.03)	1.01
PS 75/100 guarantee policy	10.26	11.32	—	—	—	(1.06)	0.98
PPS 75/75 guarantee policy	10.37	11.38	10.35	—	—	(1.01)	1.03
PPS 75/100 guarantee policy	10.34	11.37	—	—	—	(1.03)	1.02

⁽¹⁾ The Fund commenced on November 4, 2020 and as a result does not have comparative figures for the prior years.

Risk-Managed Growth Portfolio Fund 1.23IL

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Risk-Managed Growth Portfolio Fund 1.23IL (the Fund) is offered by The Canada Life Assurance Company (the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Risk-Managed Growth Portfolio Fund 1.23IL

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Risk-Managed Growth Portfolio Fund 1.23IL

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Risk-Managed Growth Portfolio Fund 1.23IL

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Risk-Managed Growth Portfolio Fund 1.23IL

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Risk-Managed Growth Portfolio Fund 1.23IL

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Risk-Managed Growth Portfolio Fund 1.23IL

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Risk-Managed Growth Portfolio Fund 1.23IL

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Risk-Managed Growth Portfolio Fund 1.23IL

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Irish Life Investment Managers Limited. All investment transactions with the corresponding underlying funds are at quoted market prices.

Risk-Managed Growth Portfolio Fund 1.23IL

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2022.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Risk-Managed Growth Portfolio Fund 1.23IL

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Risk-Managed Growth Portfolio Fund 1.23IL

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.68	2.66	2.63	—	—
75/100 guarantee policy	2.95	2.94	2.90	—	—
PS1 75/75 guarantee policy	2.47	2.48	2.42	—	—
PS1 75/100 guarantee policy	2.60	2.57	2.53	—	—
PS 75/75 guarantee policy	1.57	1.55	—	—	—
PS 75/100 guarantee policy	1.85	1.84	—	—	—
PPS 75/75 guarantee policy	1.37	1.37	1.32	—	—
PPS 75/100 guarantee policy	1.48	1.48	—	—	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
PS1 75/75 guarantee policy	2.49	2.48	2.45	—	—
PS1 75/100 guarantee policy	2.62	2.57	2.56	—	—
PPS 75/75 guarantee policy	1.39	1.37	1.35	—	—
PPS 75/100 guarantee policy	1.50	1.48	—	—	—

Portfolio Turnover Rate (%) ⁽³⁾⁽⁴⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	37.10	6.81	0.60	—	—

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

(4) The Fund commenced on November 4, 2020 and as a result does not have comparative figures for the prior years.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
INDEX ETF CONSERVATIVE PORTFOLIO FUND 1.99PSG

December 31, 2022

Independent Auditor's Report

To the Contractholders of Index ETF Conservative Portfolio Fund 1.99PSG (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statement of financial position as at December 31, 2022, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Index ETF Conservative Portfolio Fund 1.99PSG

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
		(note 1)
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	795	—
Total investments	795	—
Total assets	\$ 795	\$ —
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 795	\$ —

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
		(note 1)
Income		
Net gain (loss) on investments	\$ (11)	\$ —
Miscellaneous income (loss)	—	—
Total income (loss)	(11)	—
Expenses		
Management fees (note 8)	1	—
Other	—	—
Total expenses	1	—
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (12)	\$ —

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
		(note 1)
Net assets attributable to contractholders - beginning of year	\$ —	\$ —
Contractholder deposits	807	—
Contractholder withdrawals	—	—
Increase (decrease) in net assets from operations attributable to contractholders	(12)	—
Change in net assets attributable to contractholders	795	—
Net assets attributable to contractholders - end of year	\$ 795	\$ —

Index ETF Conservative Portfolio Fund 1.99PSG

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
		(note 1)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (12)	\$ —
Adjustments		
Realized (gains) losses	—	—
Unrealized (gains) losses	11	—
Gross proceeds of disposition of investments	1	—
Gross payments for the purchase of investments	(807)	—
	<u>(807)</u>	<u>—</u>
Financing Activities		
Contractholder deposits	807	—
Contractholder withdrawals	—	—
	<u>807</u>	<u>—</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	<u>—</u>	<u>—</u>
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Index ETF Conservative Portfolio Fund 1.99PSG

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Canadian Aggregate Bond ETF Fund 1.44GLC	280	277
<i>Top Holdings:</i>	<i>% of Total</i>	
Mackenzie Canadian Aggregate Bond Index ETF *	100.00%	
Canadian Equity Index ETF Fund 1.96MI	74	73
<i>Top Holdings:</i>	<i>% of Total</i>	
Mackenzie Canadian Equity Index ETF *	100.00%	
Developed ex-North American Aggregate Bond Index ETF Fund 2.03MI	57	56
<i>Top Holdings:</i>	<i>% of Total</i>	
Mackenzie Developed Ex-North America Aggregate Bond Hedged to CAD Index ETF *	100.00%	
Emerging Markets Bond Index ETF Fund 2.04MI	14	14
<i>Top Holdings:</i>	<i>% of Total</i>	
Mackenzie Emerging Markets Bond Index ETF *	100.00%	
Emerging Markets Equity Index ETF Fund 2.05MI	12	12
<i>Top Holdings:</i>	<i>% of Total</i>	
Mackenzie Emerging Markets Equity Hedged to CAD Index ETF *	100.00%	

*The issuer of this security is a related company to the issuer of the Fund.

Index ETF Conservative Portfolio Fund 1.99PSG

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
International Equity Index ETF Fund 1.82MI	60	60
<i>Top Holdings:</i>	<i>% of Total</i>	
Mackenzie International Equity Index ETF *	100.00%	
U.S. Aggregate Bond Index ETF Fund 2.02MI	210	208
<i>Top Holdings:</i>	<i>% of Total</i>	
Mackenzie US Aggregate Bond Hedged to CAD Index ETF *	100.00%	
US Large Cap Equity Index ETF Fund 1.84MI	99	95
<i>Top Holdings:</i>	<i>% of Total</i>	
Mackenzie US Large Cap Index ETF *	100.00%	
Total Investments	806	795

*The issuer of this security is a related company to the issuer of the Fund.

Index ETF Conservative Portfolio Fund 1.99PSG

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Seed money units, as described in note 8 c), are allocated to each category and are included on this page.

Net Assets Attributable to Contractholders by Category (note 1)

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	19,294	—	—	—	—	199	—	—	—	—
75/100 guarantee policy	7,691	—	—	—	—	80	—	—	—	—
PS1 75/100 guarantee policy	50,016	—	—	—	—	516	—	—	—	—

Net Assets Attributable to Contractholders Per Unit (notes 1, 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	10.32	—	—	—	—	0.32	—
75/100 guarantee policy	10.31	—	—	—	—	0.31	—
PS1 75/100 guarantee policy	10.32	—	—	—	—	0.32	—

Index ETF Conservative Portfolio Fund 1.99PSG

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Index ETF Conservative Portfolio Fund 1.99PSG (the Fund) is offered by The Canada Life Assurance Company (the Company). The Fund commenced on October 24, 2022 and as a result does not have comparative figures.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Index ETF Conservative Portfolio Fund 1.99PSG

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Index ETF Conservative Portfolio Fund 1.99PSG

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Index ETF Conservative Portfolio Fund 1.99PSG

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Index ETF Conservative Portfolio Fund 1.99PSG

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Index ETF Conservative Portfolio Fund 1.99PSG

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Index ETF Conservative Portfolio Fund 1.99PSG

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Index ETF Conservative Portfolio Fund 1.99PSG

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Index ETF Conservative Portfolio Fund 1.99PSG

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Company deposited seed money in the Fund at the time of its introduction. The fair value of all remaining seed money, which is included in option S1R category, at December 31, 2022 is \$155.
- d) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Index ETF Conservative Portfolio Fund 1.99PSG

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2022.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Index ETF Conservative Portfolio Fund 1.99PSG

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Index ETF Conservative Portfolio Fund 1.99PSG

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	1.95	—	—	—	—
75/100 guarantee policy	2.22	—	—	—	—
PS1 75/100 guarantee policy	1.82	—	—	—	—

Portfolio Turnover Rate (%) ⁽²⁾⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	0.27	—	—	—	—

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

(3) The Fund commenced on October 24, 2022 and as a result does not have comparative figures.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
INDEX ETF BALANCED PORTFOLIO FUND 2.00PSG

December 31, 2022

Independent Auditor's Report

To the Contractholders of Index ETF Balanced Portfolio Fund 2.00PSG (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statement of financial position as at December 31, 2022, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Index ETF Balanced Portfolio Fund 2.00PSG

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
		(note 1)
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	696	—
Total investments	696	—
Total assets	\$ 696	\$ —
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 696	\$ —

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
		(note 1)
Income		
Net gain (loss) on investments	\$ 5	\$ —
Miscellaneous income (loss)	—	—
Total income (loss)	5	—
Expenses		
Management fees (note 8)	2	—
Other	—	—
Total expenses	2	—
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 3	\$ —

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
		(note 1)
Net assets attributable to contractholders - beginning of year	\$ —	\$ —
Contractholder deposits	826	—
Contractholder withdrawals	(133)	—
Increase (decrease) in net assets from operations attributable to contractholders	3	—
Change in net assets attributable to contractholders	696	—
Net assets attributable to contractholders - end of year	\$ 696	\$ —

Index ETF Balanced Portfolio Fund 2.00PSG

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
		(note 1)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 3	\$ —
Adjustments		
Realized (gains) losses	(1)	—
Unrealized (gains) losses	(4)	—
Gross proceeds of disposition of investments	131	—
Gross payments for the purchase of investments	(822)	—
	<u>(693)</u>	<u>—</u>
Financing Activities		
Contractholder deposits	826	—
Contractholder withdrawals	(133)	—
	<u>693</u>	<u>—</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	<u>—</u>	<u>—</u>
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Index ETF Balanced Portfolio Fund 2.00PSG

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Canadian Aggregate Bond ETF Fund 1.44GLC	138	139
<i>Top Holdings:</i>	<i>% of Total</i>	
Mackenzie Canadian Aggregate Bond Index ETF *	100.00%	
Canadian Equity Index ETF Fund 1.96MI	126	125
<i>Top Holdings:</i>	<i>% of Total</i>	
Mackenzie Canadian Equity Index ETF *	100.00%	
Developed ex-North American Aggregate Bond Index ETF Fund 2.03MI	28	28
<i>Top Holdings:</i>	<i>% of Total</i>	
Mackenzie Developed Ex-North America Aggregate Bond Hedged to CAD Index ETF *	100.00%	
Emerging Markets Bond Index ETF Fund 2.04MI	7	7
<i>Top Holdings:</i>	<i>% of Total</i>	
Mackenzie Emerging Markets Bond Index ETF *	100.00%	
Emerging Markets Equity Index ETF Fund 2.05MI	20	21
<i>Top Holdings:</i>	<i>% of Total</i>	
Mackenzie Emerging Markets Equity Hedged to CAD Index ETF *	100.00%	

*The issuer of this security is a related company to the issuer of the Fund.

Index ETF Balanced Portfolio Fund 2.00PSG

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
International Equity Index ETF Fund 1.82MI	99	105
<i>Top Holdings:</i>	<i>% of Total</i>	
Mackenzie International Equity Index ETF *	100.00%	
U.S. Aggregate Bond Index ETF Fund 2.02MI	103	104
<i>Top Holdings:</i>	<i>% of Total</i>	
Mackenzie International Equity Index ETF *	100.00%	
US Large Cap Equity Index ETF Fund 1.84MI	169	167
<i>Top Holdings:</i>	<i>% of Total</i>	
Mackenzie US Large Cap Index ETF *	100.00%	
Total Investments	690	696

*The issuer of this security is a related company to the issuer of the Fund.

Index ETF Balanced Portfolio Fund 2.00PSG

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Seed money units, as described in note 8 c), are allocated to each category and are included on this page.

Net Assets Attributable to Contractholders by Category (note 1)

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	33,968	—	—	—	—	352	—	—	—	—
75/100 guarantee policy	32,287	—	—	—	—	334	—	—	—	—
PS1 75/75 guarantee policy	917	—	—	—	—	10	—	—	—	—

Net Assets Attributable to Contractholders Per Unit (notes 1, 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	10.36	—	—	—	—	0.36	—
75/100 guarantee policy	10.35	—	—	—	—	0.35	—
PS1 75/75 guarantee policy	10.36	—	—	—	—	0.36	—

Index ETF Balanced Portfolio Fund 2.00PSG

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Index ETF Balanced Portfolio Fund 2.00PSG (the Fund) is offered by The Canada Life Assurance Company (the Company). The Fund commenced on October 24, 2022 and as a result does not have comparative figures.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Index ETF Balanced Portfolio Fund 2.00PSG

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Index ETF Balanced Portfolio Fund 2.00PSG

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Index ETF Balanced Portfolio Fund 2.00PSG

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Index ETF Balanced Portfolio Fund 2.00PSG

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Index ETF Balanced Portfolio Fund 2.00PSG

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Index ETF Balanced Portfolio Fund 2.00PSG

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Index ETF Balanced Portfolio Fund 2.00PSG

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Index ETF Balanced Portfolio Fund 2.00PSG

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Company deposited seed money in the Fund at the time of its introduction. The fair value of all remaining seed money, which is included in option S1R category, at December 31, 2022 is \$155.
- d) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Index ETF Balanced Portfolio Fund 2.00PSG

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2022.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Index ETF Balanced Portfolio Fund 2.00PSG

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Index ETF Balanced Portfolio Fund 2.00PSG

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.33	—	—	—	—
75/100 guarantee policy	2.61	—	—	—	—
PS1 75/75 guarantee policy	2.15	—	—	—	—

Portfolio Turnover Rate (%) ⁽²⁾⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	27.51	—	—	—	—

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

(3) The Fund commenced on October 24, 2022 and as a result does not have comparative figures.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
INDEX ETF GROWTH PORTFOLIO FUND 2.01PSG

December 31, 2022

Independent Auditor's Report

To the Contractholders of Index ETF Growth Portfolio Fund 2.01PSG (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statement of financial position as at December 31, 2022, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

Index ETF Growth Portfolio Fund 2.01PSG

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2022	December 31 2021
		(note 1)
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	229	—
Total investments	229	—
Total assets	\$ 229	\$ —
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 229	\$ —

Statement of Comprehensive Income

For the years ended	December 31 2022	December 31 2021
		(note 1)
Income		
Net gain (loss) on investments	\$ 7	\$ —
Miscellaneous income (loss)	—	—
Total income (loss)	7	—
Expenses		
Management fees (note 8)	1	—
Other	—	—
Total expenses	1	—
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 6	\$ —

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2022	December 31 2021
		(note 1)
Net assets attributable to contractholders - beginning of year	\$ —	\$ —
Contractholder deposits	223	—
Contractholder withdrawals	—	—
Increase (decrease) in net assets from operations attributable to contractholders	6	—
Change in net assets attributable to contractholders	229	—
Net assets attributable to contractholders - end of year	\$ 229	\$ —

Index ETF Growth Portfolio Fund 2.01PSG

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2022</u>	<u>2021</u>
		(note 1)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 6	\$ —
Adjustments		
Realized (gains) losses	—	—
Unrealized (gains) losses	(7)	—
Gross proceeds of disposition of investments	—	—
Gross payments for the purchase of investments	(222)	—
	<u>(223)</u>	<u>—</u>
Financing Activities		
Contractholder deposits	223	—
Contractholder withdrawals	—	—
	<u>223</u>	<u>—</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	<u>—</u>	<u>—</u>
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Index ETF Growth Portfolio Fund 2.01PSG

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Canadian Aggregate Bond ETF Fund 1.44GLC	22	23
<i>Top Holdings:</i>	<i>% of Total</i>	
Mackenzie Canadian Aggregate Bond Index ETF *	100.00%	
Canadian Equity Index ETF Fund 1.96MI	54	55
<i>Top Holdings:</i>	<i>% of Total</i>	
Mackenzie Canadian Equity Index ETF *	100.00%	
Developed ex-North American Aggregate Bond Index ETF Fund 2.03MI	5	5
<i>Top Holdings:</i>	<i>% of Total</i>	
Mackenzie Developed Ex-North America Aggregate Bond Hedged to CAD Index ETF *	100.00%	
Emerging Markets Bond Index ETF Fund 2.04MI	1	1
<i>Top Holdings:</i>	<i>% of Total</i>	
Mackenzie Emerging Markets Bond Index ETF *	100.00%	
Emerging Markets Equity Index ETF Fund 2.05MI	8	9
<i>Top Holdings:</i>	<i>% of Total</i>	
Mackenzie Emerging Markets Equity Hedged to CAD Index ETF *	100.00%	

*The issuer of this security is a related company to the issuer of the Fund.

Index ETF Growth Portfolio Fund 2.01PSG

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2022

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
International Equity Index ETF Fund 1.82MI	41	46
<i>Top Holdings:</i>	<i>% of Total</i>	
Mackenzie International Equity Index ETF *	100.00%	
U.S. Aggregate Bond Index ETF Fund 2.02MI	17	17
<i>Top Holdings:</i>	<i>% of Total</i>	
Mackenzie US Aggregate Bond Hedged to CAD Index ETF *	100.00%	
US Large Cap Equity Index ETF Fund 1.84MI	72	73
<i>Top Holdings:</i>	<i>% of Total</i>	
Mackenzie US Large Cap Index ETF *	100.00%	
Total Investments	220	229

*The issuer of this security is a related company to the issuer of the Fund.

Index ETF Growth Portfolio Fund 2.01PSG

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Seed money units, as described in note 8 c), are allocated to each category and are included on this page.

Net Assets Attributable to Contractholders by Category (note 1)

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
75/75 guarantee policy	15,820	—	—	—	—	164	—	—	—	—
75/100 guarantee policy	6,265	—	—	—	—	65	—	—	—	—

Net Assets Attributable to Contractholders Per Unit (notes 1, 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2022	2021	2020	2019	2018	2022	2021
75/75 guarantee policy	10.39	—	—	—	—	0.39	—
75/100 guarantee policy	10.38	—	—	—	—	0.38	—

Index ETF Growth Portfolio Fund 2.01PSG

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Index ETF Growth Portfolio Fund 2.01PSG (the Fund) is offered by The Canada Life Assurance Company (the Company). The Fund commenced on October 24, 2022 and as a result does not have comparative figures.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

Index ETF Growth Portfolio Fund 2.01PSG

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Index ETF Growth Portfolio Fund 2.01PSG

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Index ETF Growth Portfolio Fund 2.01PSG

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

c) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

d) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

e) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Index ETF Growth Portfolio Fund 2.01PSG

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Index ETF Growth Portfolio Fund 2.01PSG

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

i) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

j) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

k) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

l) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Index ETF Growth Portfolio Fund 2.01PSG

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Individual units are available under these different options:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Index ETF Growth Portfolio Fund 2.01PSG

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Index ETF Growth Portfolio Fund 2.01PSG

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Company deposited seed money in the Fund at the time of its introduction. The fair value of all remaining seed money, which is included in option S1R category, at December 31, 2022 is \$156.
- d) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Index ETF Growth Portfolio Fund 2.01PSG

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2022.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Index ETF Growth Portfolio Fund 2.01PSG

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Index ETF Growth Portfolio Fund 2.01PSG

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
75/75 guarantee policy	2.39	—	—	—	—
75/100 guarantee policy	2.67	—	—	—	—

Portfolio Turnover Rate (%) ⁽²⁾⁽³⁾

For the years ended December 31	2022	2021	2020	2019	2018
Portfolio Turnover Rate	0.29	—	—	—	—

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

(3) The Fund commenced on October 24, 2022 and as a result does not have comparative figures.